

News Release

FHFA Announces Conditional Approval of Freddie Mac Pilot to Purchase Second Mortgages

IMMEDIATE RELEASE

06/21/2024

Washington, D.C. – The Federal Housing Finance Agency (FHFA) today announced its conditional approval for Freddie Mac to engage in a limited pilot to purchase certain single-family closed-end second mortgages. This conditional approval follows FHFA’s first publication of a proposed new product by either Freddie Mac or Fannie Mae (the Enterprises) for public comment under the new process mandated by the Prior Approval for Enterprise Products regulation, which became effective in April 2023. In an accompanying [statement](#), Director Sandra L. Thompson further discussed FHFA’s analysis of the statutorily required criteria of Charter Act compliance, public interest, and safety and soundness.

“The thoughtful engagement from public stakeholders confirmed the value of a transparent process for evaluating potential new Enterprise products and informed the parameters of the conditional approval,” said Director Thompson. “The limited pilot will allow FHFA to explore whether this closed-end second mortgage product effectively advances Freddie Mac’s statutory purposes and benefits borrowers, particularly in rural and underserved communities.”

In recognition of the significant impact that the activities of the Enterprises have on the U.S. housing finance system, market participants, and the broader economy, FHFA is required by law to review new Enterprise activities and to approve new Enterprise products before these activities and products are offered to the market. FHFA implements this requirement through its regulation on Prior Approval for Enterprise Products.

The conditional approval of a pilot for Freddie Mac purchases of second mortgages includes several limitations on the product, including:

- A maximum volume of \$2.5 billion in purchases;
- A maximum duration of 18 months;
- A maximum loan amount of \$78,277, corresponding to certain subordinate-lien loan thresholds in the Consumer Financial Protection Bureau's definition of Qualified Mortgage;
- A minimum seasoning period of 24 months for the first mortgage; and
- Eligibility only for principal/primary residences.

Upon the pilot's conclusion, FHFA will analyze the data on Freddie Mac's purchases of second mortgages to determine whether the objectives of the pilot were met. FHFA has determined that any increase to the volume or extension of the duration of the pilot, or a conversion of the pilot to a programmatic activity, would be treated as a new product that is subject to public notice and comment and FHFA approval. Any subsequent approval would be informed by the preliminary results of the pilot.

###

The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac, and the 11 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$8.4 trillion in funding for the U.S. mortgage markets and financial institutions. Additional information is available at www.FHFA.gov, on Twitter [@FHFA](https://twitter.com/FHFA), [YouTube](https://www.youtube.com/FHFA), [Facebook](https://www.facebook.com/FHFA) and [LinkedIn](https://www.linkedin.com/company/fhfa).

Contact:

MediaInquiries@FHFA.gov

Contact Us

How Can We Help You

[Leave a comment](#)

[Trouble With Your Mortgage?](#)

Want to Subscribe?

Email Address

[Submit](#)

[Do Business With Us](#)

[Careers](#)

[Accessibility](#)

[FOIA & Privacy](#)

[Sitemap](#)

[Website Privacy](#)

[USA.gov](#)

[Regulations.gov](#)

[Data.gov](#)