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Fannie Mae and Freddie Mac Reach Out to Problem Drywall Homeowners

Fannie Mae and Freddie Mac are extending a hand of relief to homeowners that currently have faulty drywall installed in their homes. The faulty drywall has been linked to the corrosion of electrical wiring, appliances, heating and air conditioning systems as well as tainted odors in the home.

Fannie and Freddie have given permission to lenders servicing their loans to offer mortgage forbearance for up to six months in an effort to ease the financial burden of those attempting to fix the drywall problem.

Terry Edwards, Executive VP at Fannie, said "This relief is intended to help borrowers who need payment flexibility as they take steps to mitigate problems with problem drywall. The issue potentially affects thousands of homeowners in a number of states, and we want to support those who are responsibly trying to honor their mortgage obligation in good faith while correcting the problem and protecting the health and safety of their families."

In addition to the forbearance homeowners who are current in their financial obligations to Mae and Mac will receive a note of "current but on a modified payment" on their credit only if they are in compliance with the terms of the forbearance. Homeowners that are delinquent in their obligations at the time forbearance is granted will continue to receive delinquent reports.

Forbearance policies will go into effect in mid-July wherein more information will be available on both Fannie Mae and Freddie Mac's websites.