

Legal and Compliance Report—May 2022¹

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Fannie Mae and Freddie Mac to Require Lenders Obtain Borrower Language Preference in 2023

The Federal Housing Finance Agency (FHFA) recently [announced](#) that Fannie Mae and Freddie Mac (the “GSEs”) will require lenders to collect borrowers’ language preference for loans sold to the GSEs with application dates on or after March 1, 2023. Specifically, lenders will be required to present a Supplemental Consumer Information Form (“SCIF”) as part of the application process to collect information on the applicant’s language preference.

The SCIF also will allow the applicant to indicate any homeownership education or housing counseling that they have received. In its announcement about the SCIF requirement, FHFA stated that the “purpose of the SCIF is to collect information about the borrower’s language preference, if any, and on any homebuyer education or housing counseling the borrower received, so lenders can better understand borrower needs during the home buying process.”

CFPB Director Rohit Chopra stated that the “CFPB welcomes the FHFA’s announcement today. As those lenders and financial companies that already collect the language preference of applicants and borrowers know, this information allows lenders to serve their customers better. The collection of applicants’ language preference does not violate the Equal Credit Opportunity Act or its implementing regulations.”

FHFA advised that the SCIF will be available on the FHFA’s Mortgage Translations website ([here](#)) later this summer. However, a version of the SCIF with a May 2022 date is currently available on Fannie Mae’s website, [here](#). Fannie Mae confirmed that it will implement the change by striking language in the SCIF that allowed lenders to use their discretion in filling out the form. The GSEs will publish guidance to formalize the change in July 2022 per Fannie’s recent [announcement](#).

Take-away. Consumer advocates will undoubtedly applaud the new requirement as a means for lenders to better serve those with limited English language proficiency. Lenders may also heed Director Chopra’s comments and see the new requirement as an opportunity to serve their customers better. That said, this newly collected data could also pose an additional fair lending risk for lenders and become another data point for fair lending claims and discrimination claims.

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