



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6547-N-01]

Request for Information Regarding Buy Now Pay Later Unsecured Debt

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (HUD).

ACTION: Request for information.

SUMMARY: Through this Request for Information (RFI), the Federal Housing Administration (FHA), seeks public input to better understand the implications of Buy Now Pay Later (BNPL) lending on housing affordability and stability. Information gathered in response to this RFI will inform HUD's efforts to ensure that FHA single family mortgage insurance policies effectively address the evolving financial landscape and support the needs of American households.

DATES: Comments are requested on or before [INSERT DATE SIXTY DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Late-filed comments will be considered to the extent practicable.

ADDRESSES: Interested persons are invited to submit comments responsive to this RFI. Copies of all comments submitted are available for inspection and downloading at www.regulations.gov. To receive consideration as public comments, comments must be submitted through one of the two methods specified below. All submissions must refer to the above docket number and title.

Commenters are encouraged to identify the number of the specific question or questions to which they are responding. Responses should include the name(s) of the person(s) or organization(s) filing the comment; however, because any responses received by HUD will be publicly available, responses should not include any personally identifiable information or confidential commercial information.

1. *Electronic Submission of Comments.* Interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>.

2. *Submission of Comments by Mail.* Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410-0500.

FOR FURTHER INFORMATION CONTACT: Migdaliz Bernier, Office of Single Family Program Development, Department of Housing and Urban Development, 451 7th Street SW, Room 9262-9280, Washington, DC 20410-0500; telephone number 202-402-8051 or (800) CALL-FHA (1-800-225-5342); e-mail sffeedback@hud.gov. HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. To learn more about how to make an accessible telephone call, please visit: <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

The U.S. Department of Housing and Urban Development (HUD) is committed to supporting responsible homeownership and sound lending practices that promote self-sufficiency for all Americans. Consistent with HUD’s statutory fiduciary duty to mitigate unnecessary risk to the Mutual Mortgage Insurance Fund,¹ the Department seeks to better understand how emerging financial products—such as Buy Now, Pay Later (BNPL) loans—may affect FHA-approved mortgagees’ ability to fully evaluate a borrower’s financial profile and capacity to sustain long-term homeownership.²

Consumer adoption of Buy Now, Pay Later financing is rapidly growing and is changing how individuals manage short-term expenses. According to the Consumer Financial Protection Bureau’s (CFPB) January 2025 report, *Consumer Use of Buy Now, Pay Later and Other Unsecured Debt*, 21 percent of consumers with a credit record financed at least one purchase using a BNPL

¹ 12 U.S.C. 1708(a)(3).

² A BNPL loan is generally a zero-interest loan repaid in four or fewer installments. It is a type of deferred payment option that allows a borrower to split a purchase into smaller installments.

product from a major provider in 2022.³ Many of these consumers are “heavy users” with more than 60 percent of them having multiple simultaneous BNPL loans in 2022.⁴

This elevated credit utilization may reflect constrained liquidity that could impact qualifying ratios and risk layering in mortgage underwriting, which is of particular concern because most BNPL obligations are not reported to credit bureaus. BNPL loans essentially create “phantom debt” that mortgage lenders may not be readily able to detect as needed to fully assess a borrower’s outstanding obligations or debt management behavior.

At the same time, the report noted that BNPL loans had lower default rates than credit cards. On average, between 2019 and 2022, just 2 percent of borrowers defaulted on their BNPL loans, likely due to the short repayment terms and automatic payment structures common to most BNPL providers.⁵ This suggests that, when used responsibly, BNPL products may serve as a lower-risk, short-term credit alternative for consumers with limited access to traditional financing.

The rise of BNPL lending raises important questions about how it may impact housing affordability and stability. As consumers take on additional short-term debt obligations through BNPL services, their capacity to manage housing-related expenses, such as rent or mortgage payments, may be affected. At present, FHA’s policies would largely exclude BNPL’s from consideration in underwriting because closed-end debts do not have to be included if they will be paid off within 10 months from the date of closing and the cumulative payments of all such debts are less than or equal to 5 percent of the Borrower’s gross monthly income. Understanding the intersection between BNPL lending and housing-related expenses is crucial for determining whether FHA’s current policies are adequate or if development of BNPL-specific policies are warranted for FHA to continue to support financial self-sufficiency and housing stability.

II. Purpose of this Request for Information

³ Available at https://files.consumerfinance.gov/f/documents/cfpb_BNPL_Report_2025_01.pdf.

⁴ *Id.* at 22.

⁵ *Id.* at 3.

The purpose of this RFI is to solicit public input on how BNPL obligations may affect the ability of FHA lenders to accurately assess risk, the impact of BNPL lending on housing affordability and stability, and whether policy changes are needed to preserve sound mortgage underwriting standards.

III. Specific Information Requested

HUD welcomes all comments relevant to BNPL loans and their impact on housing affordability and stability. We are particularly interested in receiving input from interested parties on the questions outlined below that may affect FHA borrowers.

BNPL Use and FHA Borrower Risk Profiles

1. What are the credit and spending profiles of borrowers who frequently use BNPL services?
2. What primary reasons do borrowers cite for choosing BNPL loans over other payment methods?
3. To what extent are borrowers engaging in multiple concurrent BNPL loans (loan stacking), and what are the implications of loan stacking for their overall debt burden?
4. What types of repayment issues do borrowers with BNPL debts experience (Late fees, defaults, repossessions)?
5. What financial behaviors set frequent BNPL users apart from traditional credit users, and how can this guide FHA risk assessments?
6. How does BNPL usage vary across first-time buyers, purchase loans, and refinances?
7. How do seasonal spending spikes (e.g., holidays) affect BNPL loan stacking among mortgage applicants?

BNPL Impact on Financial Health and Housing Stability

8. How does frequent BNPL usage affect borrowers' ability to meet housing-related expenses, including rent or mortgage payments?

9. What is the relationship between BNPL usage and indicators of financial vulnerability, such as high credit utilization, limited savings, or overdrafts?
10. How do repayment issues (e.g., missed payments or defaults) among borrowers with BNPL debts relate to housing instability or loss?
11. What housing-related expenses are most often sacrificed to repay BNPL debts?
12. How does BNPL reliance relate to early housing instability, like missed rent or forbearance?

Visibility in Mortgage Underwriting

13. How are BNPL obligations currently identified and evaluated by mortgage lenders and underwriters?
14. What challenges do underwriters face with risk assessment and loan approvals for borrowers with BNPL debts given that many BNPL providers do not report to credit bureaus?
15. How should BNPL debts be treated in debt-to-income (DTI) calculations for mortgage eligibility, especially when obligations are not visible in credit reports?

Eligibility for FHA-Insured Mortgage Programs

16. How might BNPL usage affect a household's risk profile or eligibility for FHA-insured mortgage programs?
17. What metrics can FHA use to differentiate responsible BNPL use from overleveraging?
18. What usage thresholds (e.g., account count, balance, payment history) indicate elevated risk for FHA eligibility?

Data and Research Needs

19. What data sources or research should HUD consider for evaluating the financial impact of BNPL debts?
20. Are there any efforts to track BNPL trends that could inform HUD's understanding of consumer risk?

Policy Recommendations

21. What policy measures could be implemented to ensure that BNPL obligations are appropriately considered in DTI calculations without imposing undue burdens on borrowers or lenders?

22. How can BNPL payment histories be effectively integrated into traditional credit reporting systems to help borrowers build credit profiles?

Frank Cassidy,
Principal Deputy Assistant Secretary for Housing.

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