



March 18, 2020

The Honorable Steven Mnuchin
Secretary, U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

The Honorable Ben Carson
Secretary, US Department of HUD
451 7th Street NW
Washington, DC 20410

The Honorable Mark Calabria
Director, Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20219

Dear Secretary Mnuchin, Secretary Carson, and Director Calabria:

We write to you in your capacity as top regulators for federal mortgage policies and programs, in the wake of a deepening health and economic crisis related to COVID-19 (the coronavirus), and today's announcement by the Administration and FHFA of a two-month moratorium on foreclosures and evictions.

We urge you to take decisive action to ensure liquidity in the small to mid-size independent mortgage banker (IMB) sector of our mortgage markets to ensure: (1) responsiveness to struggling homeowners and (2) the steady flow of new mortgage loans – an important source of liquidity for consumers.

First, CHLA recommends that federal, state, and local shelter-in-place or other quarantine policies explicitly recognize that mortgage originator/servicers (and other entities like title companies, appraisers, etc. that participate in the mortgage loan process) are considered to perform essential economic activities and should have appropriate mobility options.

Second, we urge you to take prompt action to ensure liquidity for IMBs – and suggest several options:

- (1) Ginnie Mae should use its advance authority, deployed in the past for loans in natural disaster areas, to provide advances to IMB issuers during the coronavirus crisis period. Similarly, Fannie Mae and Freddie Mac should use their federal line of credit to do the same.
- (2) Some type of federal loan guarantee should be provided on bank loans to IMBs for MBS advances during the coronavirus crisis period – either through Congressional action, Federal Reserve action, or some other mechanism.
- (3) The Federal Home Loan Bank should provide advances to IMBs for this purpose, secured by the recoveries that occur on those advances.
- (4) Fannie Mae, Freddie Mac, VA, and RHS should to the maximum extent possible follow FHA's forbearance, partial claims, and loan modification policies, which are quick and efficient and therefore both help borrowers and minimize advance obligations.

Finally, **CHLA urges that close attention be paid to identifying and resolving special challenges posed by the social distancing advise to limit spread of the coronavirus**, in such areas as appraisers' need to conduct in-home inspections and the increased need for E-sign as face-to-face meetings become more difficult.

CHLA and our members stand ready to meet with or talk with any of you to discuss these vital issues, and to give our perspective as small businesses that are dedicated to facilitating mortgage access to credit.

Thank you for your consideration of these comments.

Sincerely,

COMMUNITY HOME LENDERS ASSOCIATION