



April 14, 2022

Ms. Alanna McCargo
President
Government National Mortgage Association
425 3rd Street SW
Washington, DC. 20024

Dear Ms. McCargo:

The Community Home Lenders Association (CHLA)¹ is writing to request that Ginnie Mae take action to make it easier for smaller issuers to re-securitize re-performing FHA loans, by lowering the minimum pool size for CR-G loans, to as low as a \$25,000 minimum.

Per Ginnie Mae APN 21-05, re-securitizations of 40-year loan modification loans have increased flexibility and can be pooled as small as one loan, with a principal balance as low as \$25,000:

“Loan amounts for this custom Pool type shall not be limited at pooling, pursuant to Ginnie Mae’s existing requirements. Each C ET pool must have a minimum of one loan and an original principal balance of at least \$25,000. Only Extended Remaining Term Modified Loans are eligible for securitization into C ET pools and the Extended Remaining Term Modified Loans are limited to securitization in C ET pools.”

In contrast, re-performing FHA loans that go through a traditional loan modification without extension of term: (1) must be in their own **custom (C)** pool, and (2) have a minimum pool that is the same as traditional **custom** Ginnie Mae pools, which is \$1 million (3) at least 80% of the original principal amount of the pool constitutes Mortgages that have maturities that are within 30 months of the maturity of the Mortgage with the latest stated maturity, (4) at least 90% of the original principal amount of the pool constitutes Mortgages that have original maturities of 20 years or more, (5) each Mortgage provides for repayment in equal monthly installments that are fully amortizing to maturity, (6) each Mortgage bears interest at a fixed rate of interest throughout the term thereof, which exceeds the interest rate of the Securities by at least 0.25% but not more than 0.75%, (7) no Mortgage is more than sixty (60) days delinquent as to scheduled payments as of the Issue Date.

We appreciate the requirement to have uniform custom pools of only CR-G loans, as well as most the other requirements cited above – but seek flexibility on the minimum pool size.

¹ CHLA is the only national trade association that exclusively represents independent mortgage bankers (IMBs). CHLA members are small and mid-sized, community-based IMBs, whose sole business is originating and servicing residential mortgage loans.

This minimum size requirement poses a special hardship for smaller Ginnie Mae issuers, that lack the economies of scale to generate sufficient volume to easily package and re-securitize re-performing loans that meet the \$1 million minimum requirement. As a result, such issuers may not be able to carry these loans on their balance sheet, and their only option is to sell such loans at a deep discount in the so-called “scratch and dent” market.

This seems counterproductive and unfair for smaller issuers, who are merely following FHA requirements to diligently carry out loss mitigation for qualified distressed borrowers.

Therefore, we ask you to consider lowering the minimum pool size for CR-G loans – to a minimum as low as the same threshold established for 40-year loan modification loans.

Thank you for consideration of this request, which we would be happy to discuss in more detail with you.

Sincerely,

COMMUNITY HOME LENDERS ASSOCIATION

Cc: Mr. Michael Drayne
Ms. Lopa Kalluri