



## **CHLA Policy Initiatives and Priorities May 2023**

### **FEDERAL HOUSING ADMINISTRATION**

- **End FHA Life of Loan Premiums.** Revert to pre-2013 policy of ending premiums when a loan hits 78% LTV. Life of Loan fee overcharging hurts minorities and underserved borrowers the most.
- **Adopt the CHLA/NAR/NAMB/CAI proposal to streamline FHA condo approvals.** Improve FHA condo approval process by granting DE-type approval authority and improving transparency.
- **End disproportionate servicing penalties for missed servicing deadlines.** 100% debenture interest loss, even for missing deadlines by only one day, discourages participation in FHA
- **Raise permissible lender fees for FHA loan assumptions.** Allowable fee levels do not cover costs, discouraging loan assumptions. This takes on new urgency, as mortgage rates have doubled.

### **FANNIE MAE AND FREDDIE MAC**

- **Repurchase Policies: Fannie and Freddie should offer Indemnification as option on all performing loans with defects** - in lieu of repurchases, which hurt consumers, is unfair to lenders, and is inefficient.
- **Repurchase Practices: Fannie and Freddie should require aggregators to promptly forward repurchase requests to correspondent letters and promptly present their challenges to the GSEs.**
- **Mortgage Insurance.** The PSPA G Fee parity requirement to protect small lenders should be extended to mortgage insurance (MI). The *Imagin* and *EPMI* pilots should be made permanent.
- **Adopt a Utility Model.** FHFA should use its powers under HERA to take Fannie Mae and Freddie Mac out of conservatorship under a Utility Model that controls excessive risk and ensures G Fees are related to risk. Congress should **NOT** approve new guarantors - particularly vertically integrated Wall Street banks.

### **REGULATORY BALANCE/SMALL BUSINESS STREAMLINING**

- **Extend SAFE Act licensing requirements to banks. All mortgage loan originators should:**
  - (1) **Be required to pass the SAFE Act exam.**
  - (2) **Be required to pass an independent criminal background check.**
  - (3) **Be required to complete 20 hours of SAFE Act pre-licensing requirements.**
  - (4) **Be required to complete 8 hours of SAFE Act continuing education courses each year.**
- **No Regulation by Enforcement for Smaller IMBs.** The CFPB should always give smaller IMBs, which don't have compliance economies of scale, a chance to fix problems before taking enforcement action.
- **Reject calls to extend CRA to IMBs.** CRA for IMBs makes no sense - as IMBs outperform banks, don't take deposits out of communities, don't have FDIC insurance, and are subject to Fair Housing laws.

### **FTC SHOULD CONTINUE TO BLOCK ICE PURCHASE OF BLACK KNIGHT**

- As CHLA argued in letters to top officials, the market concentration of such a merger would harm smaller lenders and the consumers they serve, by facilitating higher costs and anti-consumer practices like tying.