



August 15, 2023

Ms. Alanna McCargo
President, Government National Mortgage Association
Department of Housing and Urban Development
425 3rd Street SW
Washington, DC. 20024

Dear Ginnie Mae President McCargo:

The Community Home Lenders of America (CHLA)¹ writes to offer comments regarding Ted Tozer's recent blogpost - <https://www.urban.org/urban-wire/how-can-ginnie-mae-help-ensure-independent-mortgage-banks-can-weather-next-recession>.

IMBs that are Ginnie Mae issuers are required to make advances and buy loans out of Ginnie Mae pools when borrowers don't make scheduled mortgage payments. Moreover, IMBs lack federal backstops like FDIC insurance and Federal Home Loan Bank (FHLB) advances (both of which banks enjoy) that make it much easier to obtain funding to make such advances.

CHLA agrees with the objective of this Blogpost proposal, which is to increase liquidity for Ginnie Mae IMB issuers.

Referring to IMBs as "*critical actors in the lending market*," Mr. Tozer's blogpost goes on to argue that Ginnie Mae could accomplish this objective by "*guaranteeing IMB obligations . . . by using federally backed mortgages as collateral*." While we are still digesting the details of this proposal, CHLA believes his proposed solution merits serious consideration.

We believe that this proposal should be considered in conjunction with a CHLA proposal which has similar objectives - which is to expand PTAP to provide liquidity support for going concern IMBs that experience increased Ginnie Mae advance and loan purchase responsibilities in times of economic stress.

Finally, CHLA would be pleased to be involved in conversations regarding these proposals.

Thank you for your consideration of these comments.

Sincerely

COMMUNITY HOME LENDERS OF AMERICA

¹ CHLA is the only national trade association that exclusively represent small and mid-sized independent mortgage banks (IMBs).