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October 16, 2023

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219

Dear Director Thompson,

The Community Home Lenders of America (CHLA) is writing to keep you informed about our recent and ongoing conversations with Fannie Mae and Freddie Mac (the Enterprises) regarding the handling of repurchase demands made to aggregators by the Enterprises (where the actual mortgage originated from a small lender.) We have made these requests, outlined below, to empower smaller originating lenders that sell to aggregators to enable them to have a fair chance to contest such repurchase demands. Our overall goal is to make the mortgage market more efficient, which in turn helps maintain a fair credit box for all.

As you know, Fannie Mae or Freddie Mac approved seller/servicers have direct and immediate access to repurchase demands and an opportunity to directly contest such demands with Fannie or Freddie.

In contrast, smaller lenders that sell Enterprise loans through aggregators do not. This is true even for Fannie Mae or Freddie Mac approved seller-servicers that sell a particular loan to an aggregator.

We would also note that this inability to directly interact with the Enterprises regarding repurchase demands is in stark contrast with the FHA's comparable indemnification process, where originator lenders - even if they sell the loan to an aggregator - can directly dispute a claim that the loan did not meet program underwriting standards.

As a result, a lender must rely on the aggregator to contest inappropriate Enterprise repurchase demands. Some of our smaller lender-members believe that aggregators are not adequately contesting demands on their behalf. Indeed, the financial incentives to do so do not exist, since it is the originating lender that will ultimately be financially responsible for meeting the repurchase demand.

We understand the Enterprises may have an objective of limiting the number of lenders the Enterprises are required to interact with. We are discussing with them balancing such an objective with some opportunity or process for smaller lenders to directly contest a repurchase demand with Fannie or Freddie, at least in situations where the originating lender has a strong case.

Moreover, we believe there are basic process requirements that should apply to aggregators with repurchase demands, and that the Enterprises have the legal authority to establish minimum requirements in such circumstances.

**Specifically, CHLA is asking the Enterprises to establish aggregator requirements to:**

- (1) Forward all correspondence regarding a repurchase demand made to an aggregator by Fannie Mae or Freddie Mac along to the originating lender.**
- (2) Do so within a specific period of time (e.g. 3 to 5 business days).**
- (3) Forward all responses from the originating lender to the aggregator disputing the repurchase demand along to Fannie or Freddie in a timely basis e.g. 3 to 5 business days).**

We will keep you informed as this process moves forward. Thank you for your attention and expertise here.

Sincerely,

COMMUNITY HOME LENDERS OF AMERICA

CC: Mr. Michael J. DeVito, CEO, Freddie Mac  
Ms. Priscilla Almodovar, CEO, Fannie Mae