



2017 POLICY AGENDA – COMMUNITY HOME LENDERS ASSOCIATION (CHLA)

The Community Home Lenders Association is the leading voice and advocate for small and mid-sized independent mortgage bankers (IMBs), and the only national association that exclusively represents non-bank mortgage bankers. CHLA educates Congress and agencies on how community-based IMBs are leading the way in providing affordable mortgage loans, particularly for first-time homebuyers, as many banks have exited the market after the 2008 Housing Crisis.

Following are key CHLA policy priorities to improve access to mortgage credit:

REGULATORY RELIEF FOR IMBs

IMBs are the most regulated segment of the mortgage industry, subject to supervision and enforcement by every state they do business in - and unlike 99% of banks, regulated by the CFPB. Further, unlike **all** banks, IMBs must meet all SAFE Act requirements. CHLA supports more balanced, uniform regulatory treatment:

- HR 1964 [Rep. Williams (R-TX)] – **legislation exempting small IMBs (less than \$50 million net worth and fewer than 25,000 loans/year) from CFPB exams and enforcement actions.**
- **Opportunity for small/mid-sized IMBs to correct CFPB compliance problems** prior to imposition of fines and enforcement action - similar to how banks and credit unions are regulated.
- **SAFE Act Parity.** Borrowers should have the same consumer protections whether a mortgage loan is originated by a bank, credit union, or IMB. Mortgage loan originators that work for banks and CUs should be required to pass the SAFE Act test and an independent background check in order to be registered to originate loans, just as all IMB loan originators must now do.

FEDERAL HOUSING ADMINISTRATION

Since the FHA Fund is strong and defaults are at record lows, FHA should stop overcharging borrowers:

- **Reduce annual premiums** on FHA loans - from 85 to 55 basis points.
- **End Life of Loan Premiums** - revert to pre-2013 policy, by terminating the charging of premiums when a loan pays down to 78% of value (as is required for PMI for non-FHA loans).
- **Raise permissible lender fee for loan assumptions** from \$900 to \$3,000.

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In March, CHLA released a comprehensive plan to reform the GSEs. CHLA's plan is the only plan that puts the interests of non-bank small and mid-sized mortgage bankers first – including formal protections to ensure IMB competitiveness for both cash window and securitization execution. Plan components are:

- **FHFA suspension of dividends** to build a capital buffer and avoid a Treasury advance.
- **FHFA to develop a capital restoration plan** for Fannie/Freddie to exit conservatorship.
- **A true utility model** – excluding Wall Street Banks from obtaining new charters to compete with Fannie and Freddie - and thereby gain control over the origination market.
- **Formal small lender protections regarding risk sharing** - a prohibition on up-front risk sharing, a ban on volume discounts, and real protections against vertical integration.
- **Making recent taxpayer protection reforms permanent** – risk sharing, portfolio limits, bans on no doc loans, strong underwriting standards, and a strong regulator (FHFA).