



## CBAI Urges Flexibility in Selling Loans to Fannie and Freddie

CBAI urged the U.S. Department of the Treasury (Treasury) and the Federal Housing Finance Agency (FHFA) (together, Agencies) to provide mortgage originators reasonable flexibility in working with the Fannie Mae and Freddie Mac (GSEs) to comply with the January 14, 2021, Preferred Stock Purchase Agreements ("PSPA") amendment (Amendment).

The Amendment included restriction on originators selling single-family mortgage loans secured by second homes and investment properties to 7% of single-family acquisitions over the preceding 52-week period, with the need to comply with this requirement by June 1<sup>st</sup> or face yet unspecified penalties; limits on other single-family mortgage loans with higher risk characteristics; and a cash window volume limit of \$1.5 billion during any four calendar quarters for those who sell to each of the GSEs, with the need to comply with that requirement by year-end 2021.

These restrictions will directly impact CBAI members who sell mortgages to the GSEs as well as intermediaries, to which many CBAI members sell their mortgages, including the Federal Home Loan Bank of Chicago. The FHLBs are currently working on an alternate but more complicated method of delivering residential mortgages to the GSEs.

CBAI urged the Treasury and the FHFA to exempt community banks and the FHLBs, increase the percentage thresholds on certain loans sold to the GSEs, delay the implementation of any restrictions, and ensure that any future changes or restrictions of similar magnitude are subject to notice and comment to inform the Agencies and minimize any unintended consequences.

[Read CBAI Comment Letter to the Treasury and the FHFA »](#)