

# **Repurchase Process Update OMBA 2010 Convention**

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May 11, 2010

## National Underwriting Center (NUC) Overview

- The NUC is responsible for enforcing Fannie Mae's contractual rights under the lender's Mortgage Selling and Servicing Contract and Selling and Servicing Guides to identify violations of any reps & warrants in an effort to mitigate losses to the company.
  
- NUC currently utilizes statistical selection criteria and/or models to select loan files for review.
  
- Once a loan is selected for review, the NUC performs the following key functions:
  - ♦ Forensic underwriting and appraisal reviews
  - ♦ Seeks recoveries for loans which did not meet underwriting and/or eligibility guidelines

## Loan Selection Strategy for 2010

- **Random Post-Purchase Reviews (RPPR)**

- *Loan selections based on deliveries*
- *Lenders with >1% acquisition volume (12) - 107 loans per month per lender*
- *Individual lender sample sizes subject to adjustment based upon findings rates*
- *Additional selection of 107 loans from total of remaining lenders*

- **Discretionary Selections**

- *Anti-fraud investigations; MBS, predatory lending, and servicing violations; etc.*
- *Smaller lenders*

## Loan Selection Strategy for 2010 (cont'd)

- **Non-Performing Loans (NPL)**

- **REOs:**

- ◆ *Model currently picks loans based on loss & likelihood of repurchase issue in file*
- ◆ *Model has picked 50-60% of REOs for review*

- **Short Sales:**

- ◆ *Adverse selection*

- **MI rescissions, recourse violations - as referred**

- **SDQs:**

- ◆ *Done on a discretionary basis*
- ◆ *Utilizes models to select*

## Repurchase Request Trends

	2005	2006	2007	2008*
# Repurchase Requests	13,357	9,515	11,648	24,435
# REO Acquisitions	34,441	39,222	52,453	96,376
% of Repurchase to REO	<b>38.8%</b>	24.3%	22.2%	<b>25.4%</b>

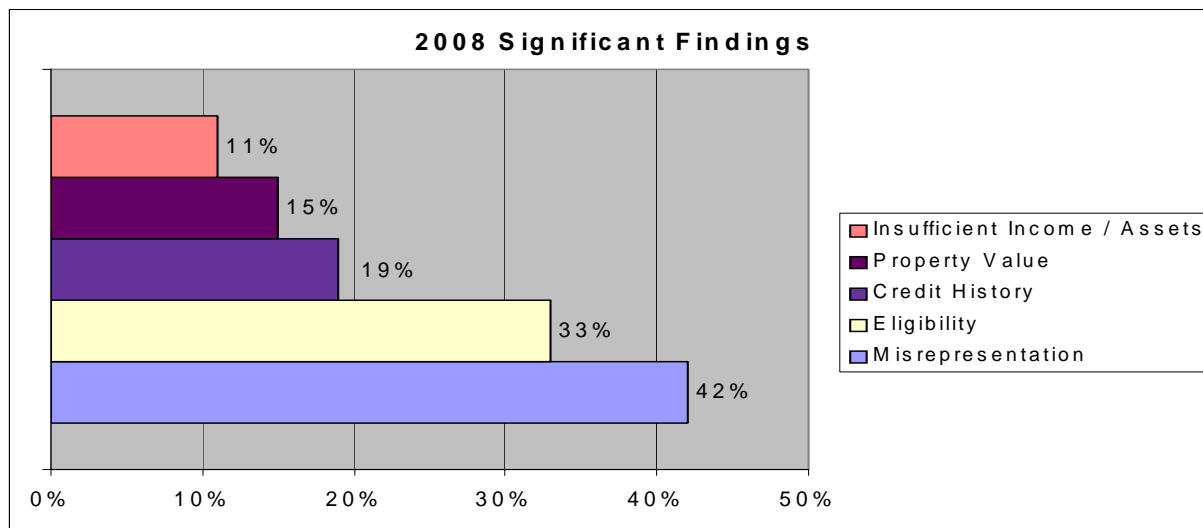
Number of repurchases as a percentage of REO has not increased significantly over the years.

*The data used in this report is strictly for informational purposes and Fannie Mae in no way makes any representations or warranties as to its accuracy or completeness.*

## Repurchase Statistics

- 58% of the repurchase requests issued in 2008 were on loans that made 12 payments or less.
- 78% made 24 or fewer payments.

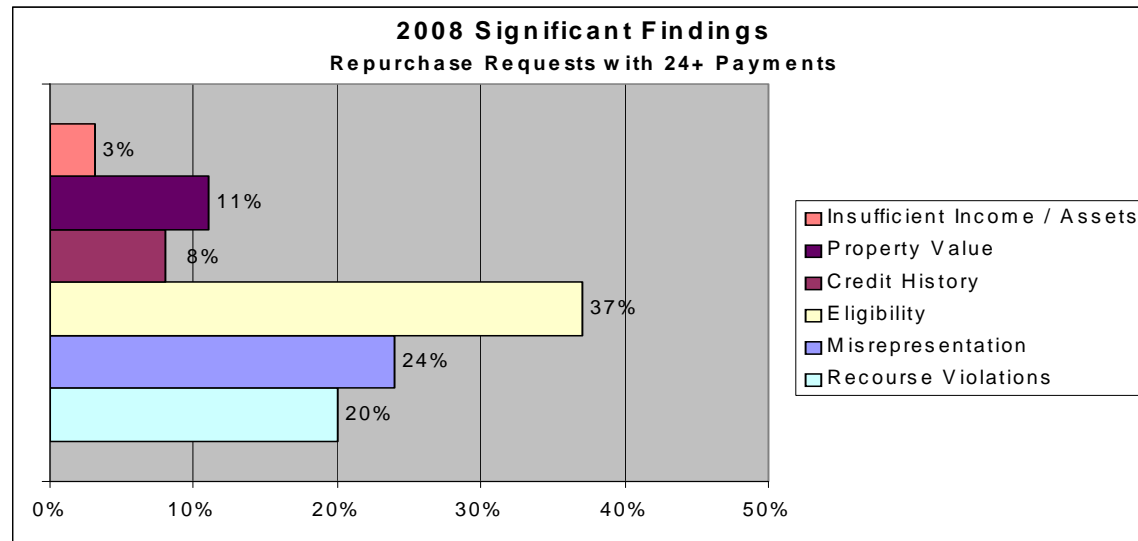
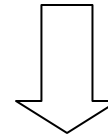
# of Payments Made	0	1-6	7-12	13-24	24+
<b>2008 Repurchase Requests</b>	11%	26%	21%	21%	22%



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## Loan Performance: 24+ months

# of Payments Made	0	1-6	7-12	13-24	24+
2008 Repurchase Requests	11%	26%	21%	21%	22%



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## Additional Goals

- 14 day average turnaround on rebuttals
- Improve overall review turnaround times
- Move to completely paperless process
- More coordinated effort on repurchases