



GSE Activity Report

Friday, March 29, 2024

Heading Your Way?

Summary

Following FSOC's fulminations about [nonbank mortgage companies](#), FHFA in 2023 heightened its supervisory standards mandating GSE prudential governance of eligible seller servicers. A new [OIG report](#) likes most of this a lot, but wants structural improvements in how FHFA executes its obligations and ensures Fannie and Freddie do the same. A bit of this will brush off on other counterparties, most likely MIs.

Impact

The OIG's audit looked at FHFA's supervision of the GSEs when it comes to nonbank servicers from 2023 through last August. The examination teams were found generally to have done good work, with both the GSEs and selected reviews of eligible nonbank seller-servicers. However, in true auditor fashion, the OIG remained unhappy because FHFA lacked policies and procedures laying out its workstreams in this arena, fearing that this increases the risk – as it does – that examiners will miss something material at Fannie, Freddie, or a seller-servicer.

Outlook

FHFA promised the OIG that it will set up policies, procedures, internal controls, and other improvements to seller-servicer supervision by June 30. New documentation standards are also in the works – in short, it's game on for seller-servicers and, since FHFA says it may add other counterparties to this effort, additional entities to which the GSEs have risk exposures.