THIRD-PARTY ORIGINATED LOANS SURCHARGE

BAC Broker Action Coalition

WHAT ARE THIRD-PARTY ORIGINATED LOANS?

Third Party Originated (TPO) loans, is any loan originated by an entity that is not directly selling the loan to Fannie Mae or Freddie Mac. The majority of TPO loans come from the wholesale channel and are originated by independent mortgage brokers.

WHAT IS THE TPO SURCHARGE?

- An additional fee that is on average 15-basis points
- Charged exclusively on TPO/Broker loans
- Issued by FHFA
- Cost that is passed on to the consumer
- Implemented in July 2021

WHY WAS IT IMPLEMENTED?

- FHFA considers TPO and brokered loans to be riskier
- This surcharge is a way to account for that perceived risk
- The risk data below disproves the assumption that TPO/Broker loans are riskier

MORTGAGE RISK

The risk in mortgage is related to foreclosure. The Freddie Mac 60 and 90-day delinquency rates are indicators of a possible path to foreclosure.

60-DAY DELINQUENCY		
YEAR	BROKER	RETAIL
2020	**0.11%**	0.11%
2021	**0.07%**	0.06%
2022	**0.08%**	0.08%
2023	**0.09%**	0.09%

90-DAY DELINQUENCY		
YEAR	BROKER	RETAIL
2020	**0.23%**	0.23%
2021	**0.15%**	0.15%
2022	**0.14%**	0.14%
2023	**0.11%**	0.12%

FORECLOSURE/LIQUIDATION		
YEAR	BROKER	RETAIL
2020	**0.02%**	0.02%
2021	**0.03%**	0.02%
2022	**0.02%**	0.01%
2023	**0.02%**	0.02%

Source: Polygon Research
Combined Averages from Freddie Mac and Fannie Mae MBS & Performance Rates

HOW DOES THIS IMPACT CONSUMERS?

$350,000 Home Loan **+** **15bps Fee** **=** **$525** Additional Cost to Consumer

$850 MILLION
Total Impact on Homeowners
From July 2021 - December 2022

INFO@BROKERACTIONCOALITION.COM

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BROKER ACTION COALITION
501(c)(4) ORGANIZATION

The Broker Action Coalition (BAC) is the **grassroots advocacy network** initiating open communications between mortgage brokers, homebuyer advocates, and their legislators.

2.5M+
Miles Traveled for
Advocacy Efforts

55K+
Letters Sent
to Legislators

350+
Legislative
Meetings Attended

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