

June 7, 2024

The Honorable Sandra Thompson

Director

Federal Housing Finance Agency

Bureau Constitution Center

400 7th Street, SW

Washington, D.C. 20219

Submitted electronically via https://www.fhfa.gov

RE: FHFA Proposal on First-Generation Homebuyers

Dear Director Thompson:

DHI Mortgage Company, Ltd. (“DHIM”) is a subsidiary of D.R. Horton, Inc. (“D.R. Horton”), the largest homebuilder in America by units closed for more than twenty consecutive years. D.R. Horton constructs homes throughout the United States and has been building residential housing for more than 40 years. The primary mission of DHIM is to facilitate the financing and sale of new D.R. Horton homes, and provide a fair price, quality loan product, and excellent service experience for every consumer. D.R. Horton and DHIM consumers are primarily first-time and first-time move-up homebuyers.

DHIM appreciates the opportunity to respond to FHFA’s request for information (RFI) regarding Fannie Mae and Freddie Mac’s (collectively “the GSEs”) Equitable Housing Finance Plans and proposed definition of “First-Generation Homebuyer.”

*Highly Restrictive Definition of First-Generation Homebuyer*

According to Freddie Mac’s First-Generation Homebuyer Mortgage [Fact Sheet](https://sf.freddiemac.com/docs/first_generation_fact_sheet.pdf), a first-generation homebuyer mortgage is one in which each borrower is purchasing the mortgaged premises, will reside in the mortgaged premises as a primary residence and has had no ownership interest (sole or joint) in another property during the last three years preceding the note date. In addition, one of the following must also apply: no parent of the borrower has had an ownership interest (sole or joint) in a property in the last three years preceding the note date, the borrower has aged out of foster care, or the borrower has become emancipated. DHIM finds the definition to be overly burdensome, primarily due to the focus on both borrower and coborrower meeting all restrictions. We believe this will place “first-generation homebuyers” in a position in which only one may qualify, instantly eliminating the benefit for joint applicants. This definition will also discourage prospective/eligible applicants from including a coborrower, therefore decreasing the potential of max eligible homebuyer engagement. DHIM recommends that the GSEs modify the definition to require only one borrower to meet set criteria.

*Enterprises Actions, Products, or Use Case Priorities for First-Generation Homebuyers*

According to the First-Generation Homebuyer Mortgage Fact Sheet FAQs, “all borrowers on the mortgage must complete and sign Form 1109, First-Generation Homebuyer Certification, to attest to their status. The Lender must keep the executed form(s) in the mortgage file.” DHIM agrees that a borrower attestation in the form of a certification or affidavit is necessary to substantiate their status as a first-generation homebuyer, as well as agreeing that verification of a borrower’s first-generation homebuyer status is necessary to maintain the integrity of any future product offerings. However, DHIM opposes the collection of a parent’s name and address on any borrower attestation form. This requirement will very likely lead to confusion on both homebuyer and lender sides, as homebuyer may not be able to provide said information, and therefore creating a challenge point in the mortgage application process. It is also unclear as to whether lenders will need to eventually further verify this information, if borrower is able to provide it, creating an uncertain future for lender requirements, as well as potentially inhibiting the foundation of these GSE efforts to serve the underserved.

It is unclear as to whether lenders may be held responsible for falsified certification forms provided by borrowers, as both borrowers and lenders learn how to navigate these new product offerings. DHIM strongly opposes any future requirements, representations, and warranties for the lender to verify a parent’s past ownership interest in a property as they are not party to the transaction, nor would have given consent to have their past property ownership history verified. DHIM believes that it is the responsibility of the Enterprises to verify borrower eligibility and seek remedies afforded to them if a breach is identified. This language could be written into future product terms, such as the ability for the servicer to recoup all or a portion of assistance if a breach has been identified.

*No Comment Period on Certification Form*

FHFA announced its Request for Information at the same time of the GSEs release of their finalized certification form, the content of which was not open for public comment. It is imperative that FHFA and the GSEs cooperate in order for industry stakeholders to calibrate objectives and to ensure that creation of any future affordability programs will support existing industry standards, including other attestation or certification forms.

To reiterate, DHIM applauds the Enterprises Equitable Housing Finance Plans, as well as the prioritization and development of a first-generation homebuyer definition. We are grateful for the opportunity to provide written input and look forward to further opportunities to engage in dialogue to advance housing opportunities for historically underserved borrowers.

Sincerely,

Drew Schutz

Director, Business Change Management

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