



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0500

OFFICE OF GENERAL COUNSEL

March 29, 2011

Jeremiah S. Buckley
Partner
BuckleySandler LLP
1250 24th Street, NW
Suite 700
Washington, DC 20037

Dear Mr. Buckley:

This is in response to your recent inquiries with regard to some matters discussed in a letter dated March 11, 2011, from me to FDIC General Counsel Michael Krimminger on RESPA and warehouse lending financing arrangements involving repurchase agreements.

In response to your specific inquiries:

1) The Department recognizes that in some instances a failure on the part of the mortgage lender to arrange for a secondary market sale shortly after financing a loan is described as a "default" under the warehouse financing arrangement, triggering a repurchase of the loan by the mortgage lender. So long as the mortgage lender has an unconditional obligation promptly to repurchase the loan if a secondary market sale does not occur, the Department will analyze the arrangement in the manner described for repurchase agreements and traditional warehouse lines of credit in the referenced letter.

2) All financing arrangements that have the characteristics outlined in the referenced letter will be analyzed similarly under RESPA and HUD's implementing regulations, regardless of whether a particular financing arrangement is actually called a repurchase agreement, a purchase and sale agreement, or otherwise captioned by the parties to the arrangement.

Sincerely,

A handwritten signature in black ink, appearing to read "Helen R. Kanovsky".

Helen R. Kanovsky