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## **Fannie and Freddie Finalize Dispute Resolution Program for Contested Repurchase Requests**

By [Ryan Richardson](#)

On Tuesday, February 2, the FHFA, Fannie Mae, and Freddie Mac introduced a new independent dispute resolution (IDR) program, which will govern lenders' loan-level contests-to-repurchase requests. Under the IDR program, a neutral third party will determine whether a lender breached its representations and warranties, such that a repurchase request is valid. Existing appeal and escalation processes remain in place, and lenders must exhaust these remedies before turning to the IDR. Still, the FHFA touts that the new IDR process should reduce the potential for repurchase disputes to go unresolved for long periods.

The IDR process will be available for repurchase requests on loans delivered to Fannie or Freddie on or after January 1, 2016. Revisions to the respective selling guides are forthcoming.

Rollout of the IDR program marks completion of the fourth and final phase of revisions to Fannie's and Freddie's Representation and Warranty Framework. The first two revisions—in 2013 and 2014, respectively—focused on representation and warranty relief after a borrower meets certain payment history requirements. The third revision—in 2015—more clearly paired loan origination and servicing defects with the remedies available to Fannie and Freddie when such defects are recognized.

The FHFA press release announcing the IDR program is available [here](#).