Bill Merrill: [Welcome to FHFA's Public] Listening Session on small lenders, their role in the market, challenges they face and opportunities for the future. Small lenders are crucial to increasing competition in the market, providing regional and specialized lending to the communities they serve.

This is one of a series of listening sessions that FHFA has hosted. I personally found them all to be very valuable to increase our understanding of the industry input, feedback and prioritization on each topic that we have posted.

For those who don't know me, my name is Bill Merrill. I focus and our team focuses on single family origination policy. So collateral and underwriting and the origination of the loan. We work with Freddie Mac and Fannie Mae on their future policy and adjustments that they make.

I do want to make sure that everybody knows we are recording this session, so you will be able to reference it in the future. It'll be available at some point in time, if you need to go back and reference particular content.

We did publish a list of questions; you will find those in the agenda. These were to stimulate conversation, and get some topics out for our speakers. But I do encourage our speakers to really focus your comments on your opinion, your prioritization, facing small lenders.

Again, I greatly appreciate everybody's time today. Very valuable. We know everyone is very busy. So we really appreciate the listening session. And I especially want to thank our speakers today for preparing remarks and thinking through and relaying their prioritizations to us, we find this very, very valuable.

With that, I'm going to turn it over to Director Mark Calabria for opening comments and remarks. Director.

Director Mark Calabria: Thank you, Bill. And thank you to all of our participants for joining FHFA's Single Family Small Lender Access Online Listening Session. This is a part of a series of FHFA listening sessions that carry out our agency's dedication to openness and transparency. We so much rely on people with on the ground experience to bring us information and expertise that helps us at FHA do our job.

The backbone of our housing finance system has always been the small community lender. While Fannie and Freddie are private companies created by Congress to perform a public mission, and of course in their charters their mission is “to promote access to mortgage credit throughout the nation”.

One of the troubling trends that we witnessed leading up to the 2008 crisis was that the biggest players in the market often received special treatment, whether it was guaranteed fee discounts or other terms, because simply of their size and volume. And while of course, we believe there's an important role in the mortgage market for the larger players, we also worry about that their size does not mean that they need the same sort of capital market access.

Smaller lenders, on the other hand, may be able to leverage local knowledge to best serve their communities. But that very local knowledge can also make it harder for them to access capital markets. Therefore, we at FHFA, have directed Fannie and Freddie to provide equal pricing for equal risk regardless of the size of the originator.

We want to see what other steps we might be able to take to facilitate small lender access to Fannie and Freddie. This is why we are hosting this listening session. This is our opportunity to hear from you. And our exchange of information should not be limited to rulemakings, requests for inputs, or for former listening sessions. I encourage you to continue giving us candid feedback in our ongoing conversations. We're committed to hearing from you, and from hearing as many perspectives as possible on these important issues. Thank you for again for sharing your expertise with us. I will now pass it along to Kevin Sheehan from our General Counsel's office, Kevin.

Kevin Sheehan: Thank you to Director Calabria. My name is Kevin Sheehan, I'm a lawyer at the FHFA. As Bill mentioned at the start, we are recording this session, and FHFA will prepare a transcript of the meeting, including your names and the organizations you represent. And we're going to post the recording and the transcript on FHFA's website and on our YouTube channel along with any documents or materials that you've given us.

So as Bill mentioned, we've invited you to meet with us today in order to obtain your input on small lender competitiveness. And at this time, FHFA will not discuss the status or timing of any potential rulemaking on these or any other issues. If FHFA does decide to engage in a rulemaking on any matters discussed at this meeting, please be aware that this meeting does not substitute for your formally submitting a public comment letter to FHFA on the rulemaking. So you would need to submit your comments, if any, in accordance with the instructions in any future rulemaking document. If you do so, we will include your comment letter in the public comments docket.

We may summarize the feedback gathered at today's meeting in a future rulemaking document if we decide to issue one and determine that summarization would be useful to explain the basis for FHFA's action.

And then finally, please remember that nothing said in this meeting should be construed as binding on, or a final decision by the FHFA Director or FHFA staff. Any questions that we may have are focused on understanding your views, and do not indicate a position of FHFA staff or the agency. And so with that reminder, I will turn it back to Bill to guide us through the session.

Bill Merrill: Thank you, Kevin. I greatly appreciate it. Thank you again. I'm going to give a quick overview of each speaker today and thank them again. And then I'll take you a little bit to our meeting logistics and then we'll be introducing the first speaker.

So we have five distinguished speakers today that we look forward to hearing from. The first is Mark Jones, who works at Amerifirst Home Mortgage, he will be representing giving comments from the MBA's perspective. Elizabeth LaBerge, from the Credit Union National Association. Ron Haynie, from the Independent Community Bankers of America. Dave Castillo, from the Native Community Capital. Teresa Gregory, from Tradition Bank, also giving comments for the American Bankers Association. So a distinguished panel to hear from today. We greatly appreciate your time today to provide comments.

Let me give you a little bit on logistics. First of all, this is a zoom call. So we again, we really appreciate everybody's perspective. When you're speaking you -- all speakers have the ability to mute and unmute themselves. So as I call on each of you feel free to unmute and speak. If you're not speaking, we would just ask you to keep yourself on mute today.

We are giving you about approximately ten minutes to present. I will have to apologize in advance, I'll keep time and if we start to bump into ten plus minutes, I'll try to politely as I can interrupt and give you a little bit of a time mark there, either a little bit of advance or if you're running over, I'll try to politely interrupt and give you advance notice there that we're up on time.

I'll be queuing up the first person and then I will let the second person know. I hope I have pronounced everyone's name properly. I always try to get it right. My apologies if I did not. So without any further delay, Mark Jones, we're going to turn it over to you From

Amerifirst Home Mortgage. And then after Mark, we will be going to Elizabeth LaBerge. So Mark, over to you. Thank you again.

Mark Jones: Bill, thank you. And it's pretty hard to screw up my name so it was an easy one to get started start with. Good afternoon everyone. My name again is Mark Jones. I am the CEO and Cofounder of Amerifirst Home Mortgage, located in Kalamazoo, Michigan.

Amerifirst was founded in the mid-1980's. We had only two employees at that time. Today we have approximately 900 employees, we operate in 14 states. We have about 80 branch offices, and this year we will originate approximately $3 billion. And we have a servicing portfolio of $6 billion, 60% of which is Fannie and Freddie servicing.

As Bill mentioned, I am speaking today on behalf of the Mortgage Bankers Association. As you probably already know, Mortgage Bankers Association represents all elements of real estate finance industry, all lenders of all sizes and types, including small IMBs like Amerifirst.

The bulk of my remarks today are prepared, I didn't want to miss anything. And they're going to be focusing in on the importance of the GSEs providing access to the secondary market on equal terms for lenders of all sizes, business models and charter types.

Since taking over as conservator of the GSEs, the FHFA has made very important changes to eliminate preferential treatment for larger lenders. But there's still more that can be done, including actions to make sure that these protections are locked in when the conservatorships end.

The first thing I'd like to touch on is equal treatment. In order for the GSEs to adhere to their charter, which I was really pleased to hear the Director talk about, that they produce access nationwide, they must do everything possible to ensure that lenders of varying sizes and types have the ability to compete on a level playing field.

G-fee pricing is the principal issue here. As you know, I've been in the business for a long time, and I remember very vividly how it was impossible for a small company like mine to compete with the ten largest single family lenders because of significant G-fee variances that existed 10 to 15 years ago.

In the run-up to the financial crisis, smaller lenders were forced to sell through larger aggregators, and consequently the top ten largest aggregators increased their market share from less than 40% to nearly 80%. Consumers ultimately had little choice but to work with

a large national aggregator. In short, the GSEs were driving industry consolidation, even though their mission is to promote broad mortgage access.

The fact is that smaller lender protection offers consumers greater choices, at the same time reducing concentration risk for the GSEs. Thankfully, FHFA has already taken steps to eliminate preferential pricing or underwriting variances for certain lenders. First through the conservatorship directives and then through the amendments to the PSPA.

But these are not permanent solutions. FHFA should engage in rulemaking to codify this policy. If FHFA feels that congressional action is necessary, it should proactively work with Congress to obtain this authority. In either case, a prohibition on special pricing or underwriting variances for certain lenders should be foundational to the supervision and oversight of the GSEs.

I also want to emphasize the importance of the cash window. The ability for small lenders to sell directly to the GSEs through a cash window is a necessity to ensure a level playing field. Small lenders typically do not have the required loan volumes or specialized experience to engage in MBS transactions. Without the cash window, many small lenders would be compelled to sell to the GSEs indirectly once again through private aggregators.

The cash window also serves as an important liquidity management tool for lenders as it allows them to convert loans to cash more quickly. The cash window also benefits lenders who prefer to retain servicing with actual, rather than scheduled servicing remittances.

A recent limitation on a lenders' use of the cash window through the PSPA is quite troubling. The $1.5 billion annual threshold threatens to impact many lenders that are not very large in size at all. If there was going to be any type of limitation on the use of the cash window, it's unclear to me why the threshold was set at such a low level.

As I stated earlier, lenders that exceed this cap will need to invest time and resources to develop MBS capabilities, or worse, transition some of their production through, again, private aggregators. FHFA should reconsider the use of the cash window limit, or at a minimum increase the threshold.

We would also like to see the FHFA insist that the GSEs allow lenders to utilize both cash and securities deliveries simultaneously.

Now I'd like to cover some other challenges associated with the PSPAs. Other limits put into place through the revised PSPAs have created challenges for lenders of all types. Though many of these challenges are more acute for smaller lenders, the limits on deliveries of loans secured by second home and investment properties, for example, already have harmed many smaller lenders throughout the country. Because of the immediate effective date of these limits on the GSEs, the GSEs have in turn instituted similar limits and timeframes on individual lenders.

Second homes in particular, tend to be geographically concentrated, so smaller lenders operating in these geographies are likely to be well above these new thresholds put in place by the GSEs. Unlike larger lenders, nationwide lenders, these smaller lenders are not able to spread out their production over other geographies or second homes are less prevalent.

Amerifirst is a perfect example of that as 40-50% of our business comes from the Florida market, which is rich with second homes. As a result, many smaller lenders have found themselves in a difficult position. They're being forced to aggressively change their product mix, give up those loans, or quickly find new outlets at significantly inferior prices.

This type of market disruption is bad for lenders, consumers, investors and the GSEs. To mitigate this market disruption we'd like to see FHFA coordinate with the Treasury Department to provide the GSEs with more flexibility on the timing and manner in which the PSPA limits can be satisfied.

In the longer run, we'd seriously like FHFA and Treasury to reconsider the need for these limits at all when revising the PSPAs.

Let me now switch to policy transition issues. When implementing policy or technology changes with respect to the GSEs, FHFA should be cognizant of the costs and necessary timelines associated with such changes for smaller lenders. When policy or technology changes require lenders to implement system changes or other complex solutions. Like, for example, the recently redesigned Uniform Residential Loan Application, smaller lenders are likely to be disproportionately burdened by these changes.

Smaller lenders may not have the necessary technology or employee resources to implement these changes as quickly as some of their larger competitors. In many cases, smaller lenders are more reliant on external vendors, as they do not have the scale to maintain these services in-house in a cost effective manner.

Because of these market realities, we'd like to see FHFA ensure that it provides ample notice, clear guidance and lengthy implementation period for such changes. And when major changes in policy or technology are being considered FHFA or the GSEs should consult with a wide variety of lenders, especially small lenders, to determine feasibility timelines. Such a process would further enhance a level playing field by ensuring sufficient capacity for all lenders to adapt to important policy and technology changes.

Finally, I'd like to mention post conservator issues. FHFA, and if necessary Congress, should prevent vertical integration by placing strict limits on the ownership of the GSEs so that no individual lender can own a controlling stake in a GSE. This safeguard will be necessary once the U.S. Treasury divests itself from the GSEs and they return to full and private ownership.

Without this safeguard, a larger lender could potentially obtain undue influence over a GSE and direct it to engage in policies that would benefit that lender likely at the detriment of smaller lenders. More broadly, FHFA should pursue utility style oversight of the GSEs. This would entail transparent pricing, with a permitted range that is set to produce a reasonable but not exorbitant rate of return. Tight regulation of activities and corporate governance and a payment of steady dividends rather than the aggressive targeting of market share gains.

In addition to supporting a more stable market, this type of oversight would discourage GSE actions that favors certain lenders, and would improve the safety and soundness of the GSEs, better ensuring that they will be available to provide liquidity through all parts of the credit cycle.

In conclusion, the FHFA has made great strides in promoting a level playing field for lenders of all sizes. And we sincerely, sincerely appreciate it. It really has made a difference for us out here in the field.

But more can and should be done to enhance this work and make it more durable. FHFA should pursue regulations that prohibit preferential treatment for certain lenders, revise the PSPAs to reduce market disruption, ensure sufficient implementation opportunities when policy or technological changes are put in place, and engage in oversight of the GSEs that reduces the likelihood of market advantages for larger institutions.

And I would sincerely like to thank the FHFA. Again, for the work it's done to this date to level out the playing field. We really appreciate

it. I also appreciate the opportunity for me to share these important thoughts today on this important topic. With that, I will yield my time back for any questions or to the next speaker. Bill, thank you so much.

Bill Merrill: Thank you, Mark, thank you so much for your time, your prepared remarks. Very helpful, we really appreciate it. Thank you so much. With that, Elizabeth we're going to move to you. Elizabeth LaBerge from the Credit Union National Association. And then after Elizabeth, we'll be hearing from Ron Haynie. Elizabeth over to you.

Elizabeth LaBerge: Thank you so much. I am Senior Director of Regulatory Advocacy and Counsel at the Credit Union National Association, or CUNA. CUNA represents America's credit unions and the more than 120 members. And on behalf of those credit unions and their members, I'd like to thank the FHFA for holding this listening session. And bear close attention to the issue of small lender access to the secondary market.

Credit unions are not for profit financial cooperatives with the statutory mission to promote thrift and provide access to credit for provident purposes. Unlike other financial institutions, credit unions do not issue stock or pay dividends to outside stockholders. Instead, earnings are returned to members in the form of lower interest rates on loans, higher interest on deposits, and lower fees.

And in 2020, credit union members enjoyed the benefit of $9.25 billion worth of lower interest rates on their credit union loans. Credit unions exists only to serve their members and the relationship between credit unions and their members is fundamentally stronger than the relationship between financial service companies and their customers.

This relationship means that the quality of credit union loans is exceptionally high and we saw this during the Great Recession where banks had loan and mortgage delinquency rates that were two or three times higher than similar credit unions. And in 2020, the credit union delinquency rate for real estate loans is roughly one-third of the comparable rate for banks.

Credit Union mortgages are a win-win. Members pay less because of credit unions cooperative nonprofit structure and credit union mortgage loans are low risk investments for the credit unions that make them, and the secondary mortgage… in the secondary market that they're sold to.

While credit unions do tend to hold a greater share of their mortgage loans in portfolio compared to banks, roughly 35% of credit unions do sell their loans into the secondary market. And credit unions that sell mortgages into the secondary market do so for a variety of reasons, but it is often a tool to help them manage long term interest rate risk and ensure their sustainability to meet their members' mortgage lending and other financial needs.

Currently, long term interest rates are at or near historic lows and demand for mortgages is especially high. In 2020, more credit unions offered first mortgages than in the previous five years. Credit unions on average saw 10.4% growth in first mortgages, and credit unions between $50 and $250 million in assets experienced this growth at a higher than average rate of 10.8%. Credit Unions between $250 and $500 million in assets saw growth of 13.6%.

First mortgages also increased as a share of credit union portfolios. And given these factors, access to a liquid secondary market with relatively low transaction costs is vital for the health of credit union mortgage lending and to ensure that credit unions can meet their members' needs.

As of the third quarter of 2020, credit unions sold 41.2% of first mortgages originated during 2020. That's a 4.9 increase year over year. So credit unions are using the secondary market more than before.

It needs to be open to lenders of all sizes on an equitable basis. CUNA understands that the users of the secondary market will be required to pay for the use of that market through fees, appropriate risk premiums, and other means. And CUNA thanks the FHFA for formally ending mortgage volume discounts in 2019. It is critical that guarantee fees and other fees and premiums should never have any relationship to lender volume going forward.

Additionally, CUNA will caution against any regimes that require lenders to retain significant amounts of risk beyond that represented by actuarially appropriate guarantee fees. As these risk retention arrangements may have disproportionately negative impact on small lenders that are less able to manage those risks, and therefore it could result in less consumer choice.

CUNA would urge the FHFA and the enterprises to increase its focus on affordable housing. One of the most significant challenges credit unions and their members currently face is home affordability. The lack of supply of affordable homes, particularly in high cost markets, exacerbates this challenge.

While the FHFA may not be able to do anything regarding the price of Canadian lumber, there are other opportunities to ease this challenge. The Home Affordable Lending Products offered by the enterprises, such as the Home Possible and Home Ready, are limited to borrowers with income not exceeding 80% of the Area Median Income or the AMI.

This income limitation often fails to accurately capture the economic realities of some geographic areas or neighborhoods within its Metropolitan Statistical Area. In high cost areas, the AMI can be driven upwards by extremely high earners in particular neighborhoods.

Reliance on the AMI ultimately makes these products ineffective to help borrowers seeking to purchase a home at current market prices. The income limitations on the enterprises Home Affordable Loan Products need to be increased. To facilitate borrowers purchasing at the current home inventory prices for the enterprises lending efforts to help more homebuyers.

The Treasury and the FHFA should both carefully consider the effect of the 7% rate cap. The 7% cap on financing of non-owner occupied homes and second homes, as mentioned regarding the PSPA.

The FHFAs capital framework addressed the risk associated with these loans. The additional hard cap, coupled with increased pricing for non-owner occupied homes announced for June 1st is counterproductive to offering affordable one to four family homes for rent. In combination, these limitations may increase the cost of financing affordable rental housing.

We are already seeing a significant squeeze in the affordable housing market due to a lack of supply. And this policy may further exacerbate this problem.

Regarding the challenges posed by the COVID-19 Pandemic, the limitation from the enterprises on the ability to use drive by appraisals when the loan does not qualify for an appraisal inspection waiver, creates a barrier for lending. Borrowers remain concerned that the appraisers need to enter their home for an interior inspection. Further, there's an overall challenge regarding the extended time of delivery for appraisal reports. Appraisers are currently in high demand, and completion times have increased in urban as well as rural communities.

This increased time results in added cost to both the borrower and the lender and extended rate locks. The FHFA should expand the

use of drive by appraisals to address the health and safety concerns of borrowers and provide flexibility wherever possible, as appraiser -- as appraisals continue to offer a challenge, especially for smaller lenders.

Finally, the FHFA should consider a program to ensure the smallest credit unions can safely access the liquidity of the secondary market. Some of these credit unions may not have sufficient personnel to meet the enterprises' requirements for originating and selling loans directly to Fannie Mae or Freddie Mac. And these credit unions and their members, which are often low income or underserved, would benefit from a clear and less expensive path towards the benefits of selling on the secondary market. For example, through a formal program offered by the FHFA.

Most importantly, the FHFA must continue to keep small lender access top of mind to ensure the housing finance market continues to operate to the benefit of American consumers. CUNA thanks you for holding this listening session today. And I'm happy to provide any further information that might assist the FHFA as it considers these important issues. I yield any remaining time back.

Bill Merrill: Thank you. Elizabeth, it's Bill. Can I ask you at least one question, maybe two? We do have the benefit of having some of our housing goal team listening in to this. I distinctly heard you make comments about AMI and the affordable programs that GSEs offer. I just want to make sure, you know, we hear you loud and clear on your suggestion. Are you suggesting that they increase the AMI thresholds, thus bringing more borrowers in, or are you -- and/or are you suggesting they look at a different, you know, different thresholds other than AMI? I mean I want to make sure I understand.

Elizabeth LaBerge: The threshold other than AMI, or an alternative to AMI for certain high cost neighborhoods, to be on the table, I think that we would love to see that and talk in more detail about what that might be. But certainly what I specifically asked for in these remarks was increasing that 80% threshold. But I think as an alternative, we would love to see some sort of additional alternative explanation be acceptable for neighborhoods where that AMI is not properly reflective of what's going on.

Bill Merrill: Okay, gotcha. So revisiting that due to the high income maybe skewing it. And I assume you mean high income and high cost areas?

Elizabeth LaBerge: I meant high cost areas, thank you, Bill.

Bill Merrill: No, no worries. I just want to make sure that, you know, we have the benefit of having them on the team -- on the call, I want to make sure they have that chance. The second thing I want to make sure you caught… you mentioned, which I assume you mean the cash window, and a program may be dedicated to small lenders. Tell me a little bit more about what you were thinking there.

Elizabeth LaBerge: I have talked to some very small credit unions who would love to have access to selling on the secondary market, but can't meet the enterprises' requirements for having people on staff in order to do the secondary, you know, functions. They would love to see, you know, as I think Mr. Jones mentioned, you have these intermediaries who are going to charge money, it's an expensive route.

If there was a formal program for the smallest of lenders to be able to route their loans onto the secondary market through the FHFA or some, you know, other entity that's affiliated but doing it at a low cost, and able to help those credit unions figure out over time how to get into a position where they could be selling through the cash window, that would be great.

Bill Merrill: Now these are customers-- and then I'll get to Ron--these customers that are too small to meet the counterparty risk, like $1 million in assets? So they're not currently sellers to GSEs, is that --?

Elizabeth LaBerge: Or they're credit unions who's, you know, mortgage origination and servicing areas are just not -- too small and not sophisticated enough or don't generate enough volume to do the kinds of actions that are required in order to become able to deal directly with the enterprises.

Bill Merrill: Gotcha, very helpful. Thank you for that, Elizabeth. Thanks for indulging me in a couple of questions.

Elizabeth LaBerge: Appreciate you, thank you, Bill.

Bill Merrill: Really appreciate it. Thank you for that. I'm going to turn it over to Ron Haynie from the Independent Community Bankers of America. And then after that, we'll be getting to Dave Castillo. Ron.

Ron Haynie: Thanks Bill. Good afternoon everybody and appreciate the opportunity to be here. My name is Ron Haynie. I am Senior Vice President of Housing Finance Policy for the Independent Community Bankers of America. ICBA represents over 4,000 community banks nationwide, and we are the only national banking trade association that's dedicated to advocating and supporting community banks.

And this -- I'd like to thank FHFA for conducting this listening session on small lender access to Fannie Mae and Freddie Mac, otherwise known as the GSEs, or the enterprises, whichever you wish to call them.

The topic is very timely and actually very near and dear to my heart. I've been around the mortgage business for over 40 years. Twenty years of that I spent at Freddie Mac, where I had a lot of small lenders back in those days were my customers. And so I've sort of seen how things have changed over time and it's very concerning to me. And clearly a lot of ICBA's members struggle with maybe some of the same issues that the previous -- Elizabeth's clients or members struggle with as well. And so I'll discuss some of that in my remarks.

Mortgage lending by community banks and thrifts institutions have -- has actually been declining, although we maintain our national share, if you will. But in general, mortgage lending by community banks and thrifts is down. It is lower than it has been over the years. And as -- and why is that?

Because -- primarily because of complexity of the business, the cost to get in and to maintain a staff in the business. It's just -- it gets down to a cost benefit discussion. And a lot of community banks originate fewer than 100 mortgage loans a year. And with those kinds of numbers it's almost impossible to sell directly to the GSEs.

And I'll talk a little bit about that in a minute. But that's clearly one of the big issues. And obviously, the financial crisis in 2007 and '08 and '09, and the resulting avalanche of mortgage lending rules from the other entities, including the GSEs, has made that burden, that compliance burden even greater.

And so, you know, when you only do a handful of loans a year, it's hard to -- it's really hard to justify hiring the staff or bringing in the systems and the technology to be able to sell in the secondary market.

So what happens is a lot of community banks make mortgage loans, and they originate them and retain them in portfolios. And they're very good at this. And a lot of times these loans are loans that wouldn't qualify to be sold in the secondary market, or to the GSEs. Why? Because they're in a rural market. There's, you know, you have unique properties, you have excess acreage, you might have a commercial business on the property itself.

You know, so you -- unique property characteristics. On houses aren't all, you know, consistent or don't all look alike from a planned development, because you're in a small town, and you have a variety of housing styles.

You also have issues with qualification as far as individual borrowers that have multiple sources of income. You know, some of which is seasonal, which is very typical in rural markets and small town markets.

So community banks are able to utilize their skills and knowing the local market. And I think that was something that came across in an earlier presentation. Actually, it was from the Director himself. Access local knowledge. And that's what community banks do best because they do know their market. And they probably know most of their clients that come in the door there. And so they know what's going on.

And they're able to get comfortable with a borrower's particular financial situation. As well as get comfortable with the property, which may not be standard by any stretch of the imagination. But they're able to come up with a value of that property, and able to make the loan. And they do and they put those loans in portfolio.

Unfortunately, they're not 30 year fixed rate loans at rates, you know, at whatever 3% or 2.78% or whatever. You know, they're probably a balloon loan, with a five year balloon on them, or they might be an ARM loan. Because a community bank can't, you know, they're not going to hedge 30 year fixed rate loans in their portfolio.

So they'll manage that loan, the interest rate risk on that loan by making a balloon loan or an ARM loan. And these are excellent for a lot of people and they're a way for folks to get a step up into homeownership, you know, they -- whether it's and they're minority community, or not. I mean, it's a way for folks to get into a loan or a lot of times maybe the secondary market is not the easiest avenue to access.

However, you know, more and more borrowers certainly want to have access to that 30 year fixed rate loan. And clearly the pandemic has shown that you have this sort of exodus or relocation, if you will, from a lot of the urban and suburban areas to a lot more rural or small town markets. And those borrowers want the same services. They want to be able to go in and get a 30 year fixed rate loan on their property.

And so if community banks aren't offering those, you know, they're going to return to other nonbank lenders or online lenders, etc. So it's a challenge. It's very much of a challenge.

And so how do you bridge that gap? So community banks do sell in the secondary market. Unfortunately though, probably the majority of community banks sell to aggregators. They don't sell directly to Fannie Mae and Freddie Mac. The barriers to accessing the GSEs have become pretty, pretty high over the years.

When I got into this business, when I worked at Freddie Mac, we had lots of small lenders, small banks, commercial banks, small independent mortgage companies. We had also had thrifts and credit unions. And they all were able to access the GSEs fairly easily. There wasn't like a lot of requirements for specialized staff or, you know, special systems to be able to do this.

Pretty much it was, you know, you made mortgage loans, you had an underwriter on board, they knew how to underwrite a mortgage loan. And you had a servicing department that collected the payments and then made the remittances.

But that's changed, it's really changed a lot. You have to have an experienced underwriter that's used to selling loans in the secondary market in order to be able to get approved to sell loans to Fannie Mae and Freddie Mac nowadays. You have to have a quality control program that's very much more prescriptive than what a community bank is required to do on their own production.

You have to have servicing staff that are able to service for an investor. And that servicing staff actually has to be pretty specialized. In a community bank you don't have that, you don’t have the luxury of having a servicing team that big. You know, your servicing group services everything, from commercial loans to agriculture loans, to small business loans, to consumer loans, to collecting, you know, bounced checks and from checking accounts.

And so, you know, having to have an additional staff person that does nothing but service loans for the GSEs, it's not cost effective for a lot of community banks, so they don't. So what's happened over time, is that community banks have gotten out of selling directly to the GSEs. Now they sell up to the aggregators, which further just drives a consolidation of the business.

This was started during the late ‘90s, with all the alliance deals that were out there. Unfortunately, I saw some of those firsthand. And it was very upsetting to me, but that was the business. And

unfortunately, it got a lot of community banks out of business. Why should I go through all this cost and complexity, when I can just sell up at Countrywide or somebody like that, and give up the servicing? Unfortunately, when you give up the servicing you also give up your customer. And relationships are very important in the community banking business model.

And so, you know, our I guess issues with selling loans directly or getting access directly to the GSEs, are obviously that the cost benefit issue on lower origination volumes and the resources required to be able to be approved to sell loans directly to the GSEs.

Also, obtaining an underwriter like I said, having a qualified underwriter on staff, you may have a great underwriter but they've never underwritten for the secondary market or to secondary market guidelines. And so it's difficult for that bank to get approved.

Servicing requirements, very prescriptive now. The CFPB actually exempted small servicers from a lot of the very prescriptive loss mitigation and customer service rules that are part of the mortgage servicing rules. And they did that with the knowledge of knowing that number one, community banks that service their own mortgage loans, it's all local. They take care of their customers.

The last thing they want to do is see a loan go into foreclosure. They're going to do modifications, they're going to do workouts, which is really fascinating. I mean it took the GSEs quite a lot of time, as well as the CFPB, and the private market a lot of time, to figure out how to do a loan modification. Community banks have been doing it forever.

So you know, but now those things are very prescriptive. Clearly, and you've heard it from others today, the product and program restrictions in the PSPA amendments are very, very harmful. And they have an outsized impact on smaller originators. You know, 7% of 50 loans is three and a half loans, people.

I'm sorry, you can't do a whole lot of business if you're in, you know, Colorado, or if you're in Florida, and it's a second home market. Or if you're -- even if you're New York City where, you know, you're looking to do investment property loans as a way, especially in a minority community where they're looking to try to, you know, establish generational wealth or help keep rents low.

You know where those investment property loans are going to go now? They’re [inaudible] market that's for sure, but they're going at

rates that are going to be somewhere around 5%, 6%. What is that mean for the rents that are going to be charged to folks in those communities are going to go up. They're going to be higher, it's going to be more difficult to afford them.

These, you know, these restrictions have the opposite impact, I think as what they were ever intended. The thing of it is, if you're doing 5,000 loans a year, you know, 350 loans ain't too bad.

Bill Merrill: Hey Ron, let me give you about another 60 seconds there, keep going.

Ron Haynie: Oh okay. So my point is this, remove and suspend the PSPA product restrictions. Develop a servicer status for GSE servicers that match some of the requirements around the PSPA rules. Also develop an underwriter training program. Train underwriters that are there, they know how to underwrite, teach them the GSE guidelines.

And also on appraisals of in house evaluations in rural markets, where you can't get an appraiser to go out now. And so, you know, that's allowed for banks, using an in house valuation [inaudible]. If the GSEs and FHFA are serious about small lender access, you know, I hope that you'll take these suggestions and some of the others that you've heard today to heart. We appreciate the opportunity to work with you all. And appreciate all the work that the FHFA has done to promote the financial strength of the GSEs. We look forward to working with you in the future.

Bill Merrill: Thank you, Ron, so much. I really appreciate your comments. With that, we'll be going to Dave Castillo, and then Teresa Gregory to wrap this up. Dave, over to you. You with us Dave?

Dave Castillo: Yeah, thanks a lot.

Bill Merrill: Of course. Thank you.

Dave Castillo: Yeah and many thanks to FHFA for offering this session on small lender access. Just as background, I began my career working on Indian housing 25 years ago. I've worked on tribal homeownership within tribal government at Fannie Mae and now as a Native CFI serving tribes and native homebuyers exclusively. I also serve on the Policy Committee of our National Association, which is the Native CDFI Network.

Compared to other speakers on today's panel, ours and other native focused lenders serving tribal lands, is barely a blip. Combined nationwide, we provide approximately $30 million in home loans annually. That is not because there's not a need for mortgage

lending on tribal trust lands, it is because financial institutions have effectively avoided serving Indian country. Therefore, discussions specific to GSE collateral and transaction costs will be somewhat limited because we represent a nascent but yet critical activity to more fairly serve a historically and significantly underserved market, as a small mortgage lender.

I want to mention just with regarding a duty to serve, we do very much appreciate the opportunity to participate in both Fannie Mae and Freddie Mac's duty to serve initiatives, that include direct TA to develop capacity to sell our mortgages to the secondary market. As well as funding to support homebuyer education.

That said, when compared to other communities identified in the GSEs' duty to serve plans, the effort in Native America remains extremely modest. It is absolutely true that many, possibly most tribes do not have the regulatory infrastructure or in house capacity to originate conforming loans or service any significant volume of such loans.

That said, some do and those of us that do and are working to build this mortgage market -- tribal mortgage market are operating on a shoestring budget, you know, to build this capacity. It's been said that native CDFIs serve as the R&D for conventional lenders. We innovate, we build the requisite ecosystems and raise funds necessary to build the pipeline, and manage deal flow, structure the transactions and offer post purchase services all while managing the relationships with severely economically and socially distressed communities.

Now COVID-19, George Floyd, and I think quite honestly the specter of a new federal administration that would hold lenders to account, has stimulated renewed interest in Indian country and other minority communities. The CEO of Whole Credit Union in the Gulf Coast was quoted as saying, we've seen more interest in the last four months that we've seen in the last 40 years. That's quite a statement coming from a veteran of, you know, the lending industry that serves minority communities.

So new stimulus funds and sustained initiatives by both private foundation investors and conventional financial institutions can serve as a seed for what the Native American Housing Assistance and Self-Determination Act of 1996, signed into law 25 years ago, the entirety of my career to date, envisioned.

And that is really to introduce access to capital in Indian country. So to make the best use of these new funds, we need the industry to

make bold commitments beyond technical assistance. Three -- I've got just four specific initiatives that FHFA and the new administration should consider, and they are the following.

First, I'd like to mention the Home Mortgage Disclosure Act recommendations that were put forward by our associates at the Housing Assistance Council recently via the Home Mortgage Disclosure Act Virtual Tech Grant. That took place on March 22nd through the 26th and hosted by the Consumer Financial Protection Bureau.

And I -- well let me just state. One of the major issues identified is what was referred to as the unknown unknown problem. And it's particularly bad for rural communities and Native Americans specifically. HMDA currently excludes rural activity through some of its reporting exemptions that limit coverage. And by that, I mean that reporting exemptions exist for extremely small asset lenders and lenders that do not operate a bank office or branch in an OMB designated metropolitan area, or do not meet various loan origination thresholds.

And that's a real problem because we don't… if we don't have the data to support our requests to investors, it's very hard to justify that investment. I'll look forward to submitting or resubmitting, as Housing Assistance Council or CFPB may have already submitted that to FHFA. But those recommendations I think would be prudent for FHFA to consider.

Similarly, the Federal Reserve Bank of Minneapolis Center for Indian Country Development has offered recommendations with regard to CRA that track along the same issues with HMDA.

The second thing I'd like to mention is, you know, the stimulus funds. Tribes are receiving about $20 billion of stimulus funds for tribal governments, and infrastructure development is an eligible use that will go a long way in improving housing conditions. Including overcrowding that leads to negative health outcomes, especially in this COVID era.

However, as I've already mentioned, 25 years after the passage of NAHASDA tribes are still struggling to keep pace with affordable and homeownership housing development. It typically takes years more to develop on tribal land than off.

Also consider this sad fact. Prior to the extension of the Biden Administration, or excuse me, the extension that was offered by the Biden Administration for the first round of stimulus funds, many

tribes were considering returning stimulus funds, despite the dire need on tribal lands.

So although tribes will have significantly more time to obligate and spend the most recent round of stimulus funding, I'd like to suggest that it might behoove FHFA to consider supporting the creation of a one time single purpose program like the Neighborhood, or the National Neighborhood Stabilization Program that was successful in supporting bringing REO and foreclosed homes back online after the 2009 Recession.

For those tribes that dedicate any significant amount of stimulus funds to infrastructure development and housing, a tribal community stabilization program may address the myriad issues tribes have with developing, in many cases, either relatively small or scattered site housing projects, or across vast and remote geographies.

Such a program could help coordinate pre-development activities, secure bulk pricing for materials as costs continue to soar, and leverage investment capital for low income as well as homeownership housing, and relieve many of the smaller tribal governments on this matter as they are already severely challenged with managing a health crisis that affected -- that has affected all aspects of their tribal populations disproportionately.

You know, at the end of the day, we need to ensure that the $20 billion in stimulus funds are spent efficiently, effectively and within the time and regulatory limits established. And so, I offer this as an issue to consider.

I'm happy to report that I'm part of an effort at the Pueblo of Laguna, where we're headquartered, to develop 150 units of new housing within the next two years. I believe additional support from FHFA and our relevant federal agencies for this and similar projects would be very much welcomed by tribal governments.

The third thing I'd like to mention is the HUD 184 Loan Guarantee Program suspension. The section 184 loan guarantee, as part of legislation the -- NAHASDA legislation in 1996, was supposed to usher in a new era of increased access to private sector capital for tribal communities. Yet since the passage of NAHASDA, less than 10% of all 184 mortgages have actually been originated on tribal trust lands.

Banks, the secondary market, national and regional nonprofit affordable housing intermediaries have failed to make the

investments necessary. Last month, HUD issued a notice that the program is threatened with suspension due to oversubscription to the program by offers to reservation buyers in this overheated seller's market.

Given the interest that tribes have expressed in expanding infrastructure and housing on tribal land, as response to overcrowding and housing shortages, and to address COVID concerns, FHFA's support for emergency expansion of the guarantee ceiling, not just via HUD, but via the GSEs, in order support new homeownership on tribal land, would be a welcome solution.

And quite honestly, the GSEs have stated, we're not going to compete with HUD 184, we're not going to offer 100% guarantee product, we're going to stick with conventional. And I just don't think that's going to get us very far. So we've got a proven product. I think the expansion, particularly now would make a lot of sense.

The last thing. Although we're making strides in our work with Fannie Mae, several other native CDFIs, meaning small mortgage lenders serving tribes, require a secondary market outlet for nonconforming loans, as a sort of first step towards developing portfolios that can be sold to this existing secondary market.

We have experience providing the service via our work in the industry, and the creation of that outlet should be supported with investments by the GSEs. The notes made just previously regarding servicing… the servicing fees that are lost, if the servicing option is lost, it's something that I'd like to second.

As well as the question of appraisals. It is extremely difficult, if not impossible, to find an appraiser that can appraise homes on tribal trust lands. And so the recommendations that were offered previously, I'd also like to support.

So at the end of the day, the lack of access to the secondary market and active discrimination against Native American homeownership, on Indian reservations, justifies at the very least, a significant pilot initiative to help tribes rebuild their communities.

I used to do policy work my early career, and tribal leaders at that time were keen on noting that after World War II, the United States… the European nations had the Marshall Plan. Where the intent was to get European economies back online and contributing to the global economy. And they stated after the Indian Wars, we never got our Marshall Plan.

Well these stimulus funds represent probably the largest single one time investment in tribal economies, and we need to make sure that those funds are used effectively. So the support of the GSEs with the oversight of FHFA and the new federal administration could go a long way in helping realize what we hoped --

Bill Merrill: Did we lose Dave? Did we lose Dave?

Danielle Walton: I think we did.

Bill Merrill: Yeah, Danielle, I'm sorry, can you hear me?

Danielle Walton: Yes.

Bill Merrill: Okay, great. I'm sorry, it just sounds like Dave. I was going to ask him a question.

Danielle Walton: You can move to Teresa, if I can get him back on. We can…

Bill Merrill: Thank you, Danielle. I appreciate it. Apologies everybody there, appears Dave's connection had a little bit of an issue. We will see if we can get him back on. But with that, Teresa Gregory from Traditions Bank or also representing American Bankers Association. Why don't we go to you and if we reconnect with Dave, we'll bring him back for a question. Theresa, can I turn it over to you?

Teresa Gregory: Absolutely. And I certainly hope we get Dave back because I was enjoying his comments so much. And I am also acutely aware that I may be between you and lunch, so I will try to keep my comments concise.

It is an honor to be with you this afternoon. And I appreciate the opportunity to represent not only the American Bankers Association, but as well as small community banks that I had the pleasure of working with on the ABA Mortgage Markets Committee.

The topic I will be addressing today in my comments is, what are small lenders doing to serve the underserved populations and how can the enterprises support these efforts?

For my comments and opinions, I'd like to clarify what my lens is for the definition of underserved population. While not an exhaustive list, for me it means our historically marginalized neighbors based on ethnicity, race, sexual orientation, and other socioeconomic factors.

But it also, for community banks, includes our rural population. As in these areas, there exists a gap between the needs of the community and the policy guidelines of the enterprises.

Additionally, underserved population includes our low income and moderate income borrowers. Young people have also seen the biggest dip in homeownership rates over the past decade, according to reports from Policy Advice. So one could argue that our millennials is also an underserved population.

Out of all of these underserved populations, the one that saddens me the most is the racial gap on homeownership. Policy Advice reports that white people, on average, are 50% more likely to own a home than other people.

In the second quarter of 2020, 67.9% of white Americans owned their home, but only 51.4% of Hispanics did. And that's even lower for the Black Americans at 47%. So again, this is a passion of mine, one that I am committed to be a part of solutions.

At Traditions Bank, we have been having dialogue with a number of community leaders in York, Pennsylvania to identify what are the barriers and opportunities. This little ad hoc committee keeps growing every time we meet and includes the president of our local NAACP chapter, it includes our local government officials, including our chief opportunity development officers, other nonprofit and industry leaders, such as realtors and appraisers.

Between discussions on this ad hoc committee and discussion with my peers on the ABA Mortgage Markets Committee, I'd like to outline today eight areas of opportunity to improve the service of our underserved population. This is not in any particular order.

But the first one is kind of just an awareness. And Awareness Campaign is what we're calling it. Richard Craighead who is the President of our local NAACP chapter just indicated, you know, he feels the need to give hope to the community. And get that message out that, you know, there's just a lot of folks he feels just they don't -- they're not aware. They're not aware that they can too be a homeowner.

I've been in this business for three decades. And I've seen over time campaigns done by Fannie and Freddie around the possibilities of homeownership. It's been a while since I've seen any of these campaigns. I'm not saying they don't exist. But I believe that there is an opportunity to partner with community banks, trade organizations such as the American Bankers Association, and the enterprises to again get that message out.

One of the things I would definitely give the enterprises an A if not a B+, would be around education, which is the second area of

opportunity I think that we have to improve the service to our underserved population.

At Traditions, we actually have a link on our website that ties directly to… it's under Tools on the mortgage website that links directly to Freddie Mac's Credit Smart Homebuyer You Program. Many of the efforts being championed by small lenders surround this education topic. Tyler Gilday from Mascoma Bank reports that they host a variety of first time homebuyer presentations.

Along with education comes a third area of opportunity, which is around credit repair, or, you know, are there other credit models that may understand better the socioeconomic factors of our historically marginalized population? Are we fairly looking at things from an apples to apples standpoint using our current credit modeling system?

The fourth area of opportunity is access to resources. I think that we feel, as community bankers, we need to understand what the barriers are of these resources and partner with other programs that may be overlapping in our community. I think the nature of the Federal Home Loan Banks, just how they're set up, lends really well to this more regionalized approach to solutions.

Many of the community banks do participate in the Federal Home Loan Bank grant programs. For example, we are a member of the Federal Home Loan Bank of Pittsburgh. And we do enjoy being able to use their First Front Door grant program. Those programs also partner very well with the Freddie and the Fannie Mae Home Ready and Home Possible programs that already exists today.

So is there an opportunity for the -- Freddie and Fannie to take a more regionalized approach. And you know, perhaps even have a seat in these community's discussions that we're all having around these obstacles and solutions.

The fifth area of opportunity is around down payment assistance programs. I've already mentioned the use that the small community banks are using the Federal Home Loan Banks on these grant programs. But there's tons and tons of other down payment assistance programs. We enjoy the ability to use Freddie Mac's Borrow Smart program. So I, you know, I'm familiar that the enterprises I also have a lot of work and stake into the down payment assistance ability to serve our underserved population.

This kind of brings us to special loan programs. The underserved market plans for both Freddie and Fannie talk about what they've

already done and are continuing to do around manufactured housing, around rural housing programs. The most recent Refi Now and Refi Possible programs that have been instituted are all, you know, meaty, worthwhile programs to continue to invest in how those programs can be used to really meet the needs of our underserved population. I think there's more work around, especially around the rural housing and the manufacturer home programs.

The seventh area is one around affordable housing supply and inventory. Again, I'm acutely aware that the affordable housing is also an endeavor on the Fannie and Freddie underserved markets plan. The challenges that we're seeing on grassroots and it's across the nation, and this shouldn't be a surprise to anyone to hear these anecdotal kind of examples.

But we're doing a lot of preapprovals for first time homebuyers that represent these underserved markets. And they're not able to win the bids of homes just because of how strong of a seller market it is. And folks are having to pay over market prices for homes, and these underserved populations cannot afford to do that. We're trying to minimize their cash to close, and where there's just the -- this strong competition for the low supply of inventory. We're seeing our underserved populations just being, you know, in doubt of being able to win the bids on these.

And then the last area, I think of opportunity and for me it's also a huge opportunity and a huge hole, is to bring more diversity into the industry. I mean I look around the tables that I sit at. And you know, everyone around me looks more like me. We're older and we’re white.

So I do know that a lot of my peers and I at Traditions Bank we have developed training programs to bring folks in that look different and think different than us. And to the industry. And I think that we have a lot of work ahead of us on that.

So you know, why do I mention that? I think the enterprises play a big role in that. I've been in the industry for 32 years. And frankly, I wouldn't be where I am today if it wasn't for the training programs that I was fortunate enough to take over the years with Freddie and Fannie. I miss that face to face opportunity. It's not just the training, I remember coming down to McLean in, you know, a couple of times a year to attend training opportunities that Freddie Mac would hold and this goes back to the ‘90s. But it's not just the training and the high quality training that the enterprises provide

the industry, but it's also the ability to network with our peers that I think the industry misses. So I think there's some opportunity there.

So other than what I've already discussed, I'll offer this in summary. We community banks do appreciate and are aware of all the efforts that are being done already today. We also feel that we, as seller servicers, need to do a better job of processing all the tools that exist today. But I can tell you, it's overwhelming for us.

John Battaglia, President of the Cooperative Banks said it best in an email recently to me. He said, it's hard for small lenders to keep track of all their products and changes. As a small lender, it would be helpful to have that one on one training and additional input sessions on new products being offered. So with that, I'll yield the time back, perhaps Dave is back. But I'll also entertain any questions.

Bill Merrill: Oh thank you, Teresa. Real quick and then I'll turn it over to Dave. And I think it was point number three. I'm sorry, if I caught the wrong number. You mentioned access to resources. And just to be clarifying, when you say resources, you mean grants, down payment assistance, education? Where were you heading with that?

Teresa Gregory: Across the board. So, you know, Richard from the NAACP just feels that there's not enough awareness, again it ties to awareness, but just how folks can access resources and it includes education, it includes the credit repair, it includes down payment resources, products, those -- all of it.

So what I mean, I think what we're trying to get our arms around, Bill is just what are those barriers? What is preventing that information to get to the source of the underserved population?

Bill Merrill: Thank you for that. Really appreciate your time. Dave, I'm going to head it back to you. Can I give you 30 seconds to wrap up there? You back on?

Dave Castillo: Yeah, thank you.

Bill Merrill: Go ahead please.

Dave Castillo: So really the point -- the last point I think really in terms of that analogy with the Marshall Plan. We're in a special time. I mean, it's the curse of interesting times, right. This confluence of all this activity and new money flowing. And I think we're all able to benefit from our, you know, in some cases, decades long experience of focusing, building capacity on this area of access to capital.

I certainly have and I think a lot of my colleagues on this call have done as well. So now that the opportunity is there, I mean I think we really need to seize it.

One of the things that I'm seeing within tribal leadership is, you know, whereas previously, you know, tribal leaders are also kind of overwhelmed, right. In the morning, they're dealing with Indian child welfare issues, in the afternoon they're dealing with water rights issues. You know, and in the evening, they're trying to catch up with regulatory issues with regard to rights of way, or what have you, right.

I mean they're trying to do everything. And so when it comes to a mortgage ordinance, or a leasing ordinance, or other factors, or engaging with the, you know, conventional financial institutions and the private mortgage market, you know, we just aren't able to kind of get on the agenda.

But now, because of COVID, and because we understand that overcrowding is really detrimental to the health of tribal communities, now there's a real interest in seeing what we can do to expand infrastructure and housing on tribal lands. And use the tools that are available to us through the mortgage lending.

And so I think, again because we have new dollars that have come online, because we've got the interest of the GSEs somewhat, at least, we've got duty to serve. We've got a new administration. You know, we've -- we spoke with Secretary Fudge last month. So there's a lot of interest what can we do now.

We've only got four years, hopefully, eight. But at least in these next two years, what can we really do to kind of move the ball. We've got a lot of opportunities. I've mentioned a few recommendations as have the others on this phone call here. And you know, where's the low hanging fruit, and can we get after it right away? Appreciate FHFA's support, and everyone that's doing this work. Thank you.

Bill Merrill: Thank you, Dave. I really appreciate it. And let me wrap up and conclude with a couple comments. And first of all, thank you so much to the five of you. Obviously tremendous amount of effort to put together your remarks, your points and your recommendations. So thank you so much for that. I really appreciate it.

A couple things I heard. Please don't take this as an all-inclusive list. And please don't consider prioritization. But some, you know, if I was to try to match the five comments together, a few things I

heard were, you know, FHFA definitely should consider post conservatorship, especially thoughts on making sure G-fee remains fair and uniform across all size lenders. Putting in potential for post conservatorship items to make sure that all lenders are treated in similar fashions, avoiding the old market share type agreements.

Taking a look at PSPA with Treasury, concerns around the impact to small lenders on the caps of second homes and investors. Heard that from several of you, as well. I heard a few themes around appraisals from a few of you. The drive by for safety on COVID, concerns around timing.

It was also mentioned concerns on tribal land as well as getting long wait times in rural areas. Impacts to small lenders on technology and operational changes. Being vendor dependent and cost restrictive that, you know, longer times to put those in.

Looking at -- a few of you mentioned counterparty risk, making sure that very, very small institutions, whether those be credit unions or lenders, have access to the secondary market, through the GSEs and concerns around potential counterparty asset qualifications or staffing qualifications that the GSEs have to do business with them. And making sure that liquidity exists. So reducing the aggregator dependency from there.

We definitely had a focus from Dave on expanding tribal lending, taking advantage of the I think you said $20 billion, expanding the 184 program and making sure that we are supporting lending on tribal land.

And then definitely heard around education awareness. How can the enterprises train, educate not only borrowers in the market, but lenders as well. So those are some of the highlights, again not meant to be all-inclusive list. But some of the things I heard across all five of you. So I wanted to repeat those themes.

Thank you again, so much for everybody that participated. We really appreciate it and I will invite you to future listening sessions as the agency continues to sponsor them. If you have any follow ups or questions, please let us know. And everyone have a wonderful afternoon. Thank you so much. And thank you Danielle, for organizing for us.