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Moderator: Welcome and thank you for joining today's conference, the Duty to Serve Virtual Listening Session. Before we begin, please ensure you opened the chat panel by using the associated icon located at the bottom of your screen. If you require technical assistance, please send a chat to the event producer. All audio lines have been muted until the preregistered speaking session. At that time when your name is called, please press pound two (#2) on your telephone and activate your web camera.

To view the active speaker's video, on the top right of your WebEx presentation area, hover over the white circle and select the middle option labeled side-by-side view. With that, I'll turn the call over to Toi Roberts. Toi.

Toi Roberts: Hello and welcome to the Federal Housing Finance Agency's Duty to Serve Listening Session on Affordable Housing Preservation. I am Toi Roberts, a member of the Duty to Serve team and I will be emceeing today's session. We are happy to have you join us here today and look forward to hearing your feedback on Fannie Mae and Freddie Mac's proposed modifications to their 2020 Duty to Serve plans and proposed additions to their 2021 Duty to Serve plans.

Today we will hear from 16 guest speakers and midway through, we will have a ten-minute break. Each speaker will have up to seven minutes to speak, and we will try our best to stay on schedule. I will chime in to give speakers a warning when one minute remains. We also ask that all speakers turn on their video web cameras during their speaking segments. Before we hear from our guest speakers, each Enterprise will give brief opening statements, and as we close they will also give closing remarks.

However, before we begin, I'd like to introduce to you the current lead of our Duty to Serve team, the Associate Director of the Office of Housing and Community Investment, Mr. Ted Wartell.

Ted Wartell: Thank you so much, Toi, and good afternoon everyone and welcome to the second in our series of three Duty to Serve Listening Sessions on the Enterprises' proposed 2021 Duty to Serve plans.

This session addresses, as Toi said, addresses Affordable Housing Preservation. Friday's session will cover rural housing. I think everyone in this group knows the value FHFA, Fannie and Freddie place on public engagement as part of the Duty to Serve program and have from the outset for some years now.

We're very interested to hear your ideas about the best way to reach these underserved markets and very much looking forward to your feedback today. As with all other aspects of life in the pandemic it required us to make a number of adjustments to the Duty to Serve this year. We began the year actually revising our evaluation guidance to put even greater emphasis on impact, especially through loan purchases.

We released that new evaluation guidance to the public on March 11th and like many others on this call, FHFA began mandatory telework on March the 12th. So, under normal circumstances this session would have focused on the Enterprises' proposed three-year plans starting in 2021. But given the challenges of planning and setting targets during such extreme uncertainty, FHFA instructed the Enterprises to prepare one year extensions of their current plan, covering 2021 only.

We hope to be hosting all of you in Listening Sessions about three-year plans next year. The pandemic-related changes also included some flexibility in how the Enterprises structured their plans and their objectives. They could propose all new actions or simply add new targets to their existing objectives. And under the circumstances, we did not require them to update the market context or other language in the plan. And we did not require them to update the baselines with their objectives, although in some cases they did that.

We did, however, continue to emphasize the importance of having impact on the three underserved markets, even under the current circumstances, including through loan purchases.

A few housekeeping items before I turn it over. In a minute I will hand it off to Fannie Mae and Freddie Mac to provide brief opening comments. I believe 16 people have signed up to speak this afternoon. I believe, Toi is this right? Seven minutes is allotted to each person.

Toi Roberts: Yes.

Ted Wartell: And that's because -- and we will stick to that as much as we can, in order to make sure everyone will have a chance to give their presentation. Then at the end of this session we've allotted ten minutes for Fannie Mae and Freddie Mac to respond to some of the comments that they will hear today.

Also, to fit in as many speakers as possible we will not have Q&A today. We absolutely do encourage you to visit our website and submit written comments to the RFI. And as you know, the deadline for those comments is Friday.

In terms of what happens next after today, each Enterprise will consider the input they get today and the input they get from FHFA and submit revised plans to us. And we will start to review those plans for non-objection hopefully by the end of 2020.

Finally, just one last reminder, the session is being recorded and transcripts will be made available on our website as soon as we can. With that then, I believe I'm turning it over to Fannie Mae first and Mike Hernandez to provide a brief introduction. Mike.

Mike Hernandez: Ted, thank you. Good morning everybody. Hope all is well. My name is Mike Hernandez and I'm Fannie Mae's Vice President of Housing Access and our Disaster Response and Rebuild Activities for the company. And it's my pleasure today to share with you a quick overview of what we've learned and accomplished in the Affordable Housing Preservation market, as well as ways we are continuing to build on that work and in the future, despite the many challenges that we're currently facing.

Fannie Mae's purpose and mission is to ensure that there's liquidity in the single family and multi-family mortgage markets everywhere across the country, every day, while improving access to sustainable mortgage finance for those of modest means. Our Duty to Serve activities complement our housing goals and our core mission. We have an excellent Duty to Serve team, but we couldn't do this work without you and your collaboration and your support.

So, thank you all for working with us as we test, as we learn and for the guidance on how we can continue to improve. Together we're making the difference where it's needed most through our Duty to Serve. If we could advance the slides to slide three, there you go.

I'm going to start a little bit with our multifamily accomplishments and learnings. So throughout this period, we have connected with HFAs and learned how to better ensure state and local programs, how they can be financed on the national scale, leading to a year over year increase in state and local affordable housing programs that we finance.

We've increased our residential economic diversity efforts, adding extensive outreach and loan product development, and are involved in researching and supporting ongoing residential economic diversity focused housing programs, all across the country. And we're proud of our leadership in the area of green multi-family financing. As a matter of fact, in 2018 and 2019, Fannie Mae purchased record-setting Duty to Serve eligible green mortgages and has been the largest green bond issuer in the world for three years running.

In 2020, we've continued to demonstrate leadership by developing and releasing a solar technical assessment tool to help lenders and borrowers better understand and underwrite savings due to solar panels. Continuing to accrue and analyze pre and post retrofits actual energy data at the whole building level and continuing our efforts to develop industry standard metrics and language for energy efficient measures and financing. Next slide, please.

Our single family team has worked to remove obstacles around shared equity originations through industry standardization and policy changes and established efficient mechanisms to help with the identification of Duty to Serve eligible shared equity programs and loans. And in the distress property space, we increased the percentage of REO properties that were repaired prior to sale which led to more owner-occupant purchases.

We also collaborated with external partners to explore innovative place-based strategies, to further support distressed property sales and neighborhood revitalization. Next slide, please.

As part of our single family energy and water efficiency efforts, we worked with several utilities to set up a no-cost smart thermostat program for low and moderate income borrowers. As you know, many utilities struggle to identify and market to low and moderate income customers to participate in their energy and water efficiency programs.

This program seeks to reduce utility bills for recent homeowners while introducing them to many of the other energy and water saving programs offered by utilities. We did a lot of work around our signature Homestyle Energy product, including an introduction of a new variance to make the use of this product much, much easier. We're launching a marketing campaign to increase awareness and education.

As we all know, 2020 brought a whole new set of unforeseen challenges for all of us and particularly for many of our Duty to Serve partners and our objectives. But our teams have persevered and treated it more like a, well a big speed bump than a road closed. So let me share with you a little bit about how they're looking to accelerate their efforts in 2021 and beyond. Next slide, please.

So, starting in multifamily. For 2021 we've developed a slightly more streamlined plan in order to stay laser focused on critical Duty to Serve activities and maximize the impact we can have next year. So for multifamily, we'll continue to focus on areas where we can have the greatest impact, such as Section Eight and RAD, as well as increased focus on an important and growing segment of affordable housing, such as our work to support state and local affordable housing programs. Next slide.

On the single family side, we'll continue to work under what -- continue our work underway and looking forward to expanding in such areas as the creation of model deed restriction programs and a certification system for Duty to Serve eligible shared equity programs. And we'll also explore REO disposition strategies to facilitate more owner-occupant purchases by low and moderate income borrowers. I think my next slide, please.

So, we're very proud of our achievements under Fannie Mae's Duty to Serve plan and we look forward to a successful ramping up of those initiatives in 2021. And today we welcome your comments and suggestions on how we can continually innovate, how we can continually improve our plan.

All of us at Fannie Mae are committed to finding new ways to partner, to support Duty to Serve and to help families find that sustainable, safe, and affordable place to call home.

So, thank you so much for spending time today and for participating in this important session with us. And with that, I'll turn it back over to you, Toi.

Toi Roberts: Thank you. Now introducing our speaker from Freddie Mac, Mr. Mike Dawson.

Mike Dawson: Thank you, Toi and thank you, Mike, good to see you again. And thank you FHFA for hosting today's, actually all three of these Listening Sessions. Very valuable to us. Again, I'm Mike Dawson, the Vice President in the Clients and Community Engagement Group within the single family organization at Freddie Mac. And thank you all for taking time out of your day, to give us feedback and to give us some of your thoughts associated with Duty to Serve and certainly Affordable Housing Preservation.

We value your support throughout the years and working with Freddie Mac, working with a terrific team at Freddie Mac, we have a lot of our team members on this call listening in and certainly participating to hear your thoughts and ideas. Certainly, your engagement in your communities make a big difference, not only from the daily lives of many potential borrowers, but borrowers and the homeowners today, so we appreciate that.

Industry participation and collaboration, which we're going to be discussing today, are essential to all of our successes to overcome many of these challenges in these markets today. So again, we look forward to hearing from you throughout this afternoon. If you could go to the next slide, please.

Freddie Mac has embraced Duty to Serve across our company. It is a core business for Freddie Mac. We don't talk about Duty to Serve as a separate activity. It's again, a fabric of the ongoing activity of Freddie Mac providing financing for homeowners and opportunities for renters across the country.

We continue to increase our commitment to, and responsibly managing the credit risk associated with the activities, not only within the Duty to Serve space, but certainly across all of our business lines. Working across the industry, working with you, has made a significant difference and we've made significant progress in all of the three underserved markets that we are addressing in this space.

Although we've achieved a lot together, there's a lot more to do, and I think we can all acknowledge that. And from Freddie Mac's research, if you've seen it or read it, I'd highly recommend you visit the Office of Chief Economist on our website to take a look at our views about housing shortages.

There's an acute housing shortage and specifically around affordable housing in this country. We estimate there's about a two and a half million units shortage of homes that are needed for family formation and certainly relative to demand. And it's becoming even more acute as we go through, and will continue to go through the years to come.

Aging housing stock, some of the things that we're addressing in this section of Duty to Serve. It continues and will be a serious challenge and serious issue going forward. This makes today's discussion even more important. These issues are going to be facing us for the foreseeable future here. And so, your comments, thoughts, and our ability to execute on those comments and thoughts, are going to be vital towards tomorrow's housing market.

With that, I do want to turn it over to Carol Thompson, who will be talking to you a little bit more on some specific achievements we've made. Thank you. Carol.

Carol Thompson: Thanks Mike, appreciate it. Good afternoon everyone. My name is Carol Thompson and I'm honored to be a representative of the Freddie Mac Duty to Serve team today. Our year one and year two progress slide, as you can see, is colorful and dynamic, as it's really truly representative of the effort and energy that's being placed into increasing liquidity to underserved markets. For us being on the front lines of the housing market, we spend our time developing and refining offerings, with a firm understanding that, as Mike said, we have a lot more work to do.

Despite the uncertainty the pandemic has introduced this year, our focus continues to be on building and expanding a sustainable business for underserved markets, while attracting additional private capital through our risk transfer business, as we continue to be good stewards of public trust by minimizing risk. Through our efforts, we're really making a difference today and laying the foundation for even greater impacts in the future, while keeping safety and soundness.

Since the start of the Duty to Serve program in 2018, single family and multifamily, we have increased loan purchases and liquidity year over year. We have provided $18 billion in liquidity and have helped a total of 163,000 -- and have provided 168,084 units combined, with over 126,000 units and $13.8 billion in liquidity specific to affordable housing. And overall, the $18 billion supported 70% of low income homeowners and 99% of low-income renters.

For us, each unit represents potentially a life-changing opportunity for at least one person, one household. And this may not have happened without GSE involvement. We also achieved a 31% increase in UPB, Unpaid Principal Balance, which is significant. And we credit a portion of our success to you, our industry partners, for helping us identify the areas that we need to focus on.

This year, year three, we have shifted some of our attention to supporting people affected by the pandemic and we continue to provide countercyclical support when most needed. We have taken the foundation we established the first two years with the 35-plus offerings, tools and enhancements. In year three, along with the 2021 plan, you'll see that we're focusing more on buying loans and expanding access to credit, because it takes time for the market to adopt and use these products.

For single family, the main focus has been product development, standardization, and valuation. And we're excited to say we have a lot more to come on the Shared Equity program.

Being a multifamily representative, I would like to tout our first Green Bond Impact Report, which was released at the end of 2019. And we're excited about our first designated social bond issued in

September, along with our first sustainable bond which was issued earlier this month.

By these issuances, we're able to channel impact motivated private capital to invest in Duty to Serve qualifying properties, such that we can continue to provide a lot more support and impact. We also provided much needed capital to rehab public housing. We were able to leverage our lessons that we learned from El Paso and San Francisco, which were two early adopters in the large scale RAD conversion.

And so, we're able to apply the model to work with the New York Housing Authority. And we were successfully able to finance eight properties this year under one bundle in Brooklyn, New York, which provided over 2,600 units for those below 60% AMI, with 546 RAD units.

So, today's session is really about listening to you and for you to have the opportunity to share your thoughts and tell the Duty to Serve team where we should focus next. We do look forward to the next few hours together. And again, thank you for your attention. And now I turn it over to our industry partners.

Toi Roberts: Thank you, Carol. Okay, so without further ado, I'd like to introduce our first speaker. Our first speaker is Ms. Ellen Lurie Hoffman, from the National Housing Trust. Ms. Hoffman, please press pound two (#2) and turn on your webcam.

Moderator: Ms. Hoffman, go ahead. Your line has been unmuted.

Ellen Lurie Hoffman: Great, thank you. Thank you so much for the opportunity to present comments today to the Federal Housing Finance Agency and Fannie Mae and Freddie Mac, on the Enterprises' proposed Duty to Serve plans for 2021 and modifications to the 2020 plans. Next slide, please.

Thank you. My name is Ellen Lurie Hoffman, I'm the Federal Policy Director at the National Housing Trust. We're a national non-profit based in Washington, DC. And we're committed to preserving and improving affordable housing, ensuring that privately owned rental housing remains in our affordable housing stock, and is accessible to low income families to sustainable over time. We've saved more than 36,000 affordable homes in all 50 states and leveraging more than $1.2 billion of financing. And we pursue our goals through policy innovation, lending, real estate development and energy solutions. Next slide, please.

I want to take a minute just to talk about how important Duty to Serve is to Affordable Housing Preservation. We really appreciate FHFA's continued tradition of robust and transparent -- having a robust and transparent planning process for Duty to Serve. The significant stakeholder and public engagement is so important, as are the meaningful metrics.

We know that FHFA holds the Enterprises accountable, ensuring they will increase liquidity of mortgage investments and improve the distribution of investment capital for mortgage financing for underserved markets.

FHFA's evaluation mechanism must reward the Enterprises for undertaking difficult challenges and require the detailed reporting that needs to be made publicly available. Next slide, please.

Duty to Serve is more important now during the pandemic than ever before. We know that 30 to 40 million people are with homelessness by the end of the year, due to lost jobs and wages caused by COVID-19. The Enterprises' investments in underserved housing markets are more important than ever to maintain liquidity in these markets and stabilize low-income renters, as well as their affordable homes. Next slide, please.

NHT would like to call for entity level support to community development financial institutions, as part of the Duty to Serve, the Affordable Housing Preservation market. CDFIs provide flexible sources of pre-development and interim development funds for mission-aligned development organizations, to purchase, to rehabilitate and preserve affordable housing.

CDFIs are key partners in Affordable Housing Preservation, because they can take small amounts of public funding and leverage it with top private capital, increasing the available financing overall for preservation. Next slide, please.

Our own CDFI, the National Housing Trust Community Development Fund, or NHTCDF, is a good example. NHTCDF provides early stage acquisition and development financing for developers to secure permanent financing, which is typically debt with Low Income Housing Tax Credits. We lend to preserve or create about 2,000 units per year and the majority of our loans are taken out by loans from the Enterprises. CDFIs like NHTCDF are the only ones that are providing the early stage capital needed for the Enterprises to deploy their products. Next slide, please. Thanks.

So, many CDFIs, however, still lack access to capital markets that are supported by the housing finance system, which causes CDFI housing lenders to experience liquidity challenges. The Enterprises could help provide CDFIs with liquidity for their lending activities. This would spur affordable housing development and preservation, address the needs of low-income communities, and help increase support for training and technical assistance that's needed to build the capacity of lenders working in difficult to serve markets. Next slide, please.

We urge FHFA to approve entity level support to US Treasury-certified CDFIs that are working to preserve affordable housing and allow them to receive Duty to Serve credit for those activities. The Enterprises can provide capital or enhance CDFI's ability to raise or deploy capital. Duty to Serve credit could be received by those making direct investments in or loans to CDFIs, as they were previously authorized to do. Next slide, please.

I also want to take a minute and talk about Low Income Housing Tax Credit equity investments in Affordable Housing Preservation. Given the critical need to preserve affordable rental housing in this unprecedented time, we urge FHFA to allow the Enterprises to be eligible for Duty to Serve credit, for Low-Income Housing Tax Credit equity investments, as well as mortgage purchases in Affordable Housing Preservation transactions.

LIHTC is the primary source of capital that's available for preservation. Providing Duty to Serve credit for LIHTC equity investments could really provide greater liquidity for Affordable Housing Preservation. Next slide please.

Non-LIHTC investments are also important. The ability to facilitate a more liquid secondary market for preserving affordable housing is heavily dependent on the availability of equity investment. We urge FHFA to authorize the Enterprises to provide non-LIHTC equity investments, which will help provide capital for un-subsidized rental housing that's serving low and moderate income renters. Next slide, please.

We know that unsubsidized affordable housing stock is disappearing. Unsubsidized affordable units provide a significant portion of the nation's rental housing stock, but they're being lost due to obsolescence or upgrading to higher rents.

The current pandemic could accelerate these losses. We know even before COVID 19, markets were failing to produce new units that are affordable to low and moderate income households, capitals needed to preserve this portfolio which typically serves renters who are ineligible for Federal Rental Assistance or Low-Income Housing Tax Credits, for financed properties. Next slide, please.

Private Equity Vehicles and REITs are the current sources of equity capital addressing the needs of low and moderate income renters. But both of these channels are limited in number and inconsistent in their commitment to the long-term affordability of rental properties. The Enterprises could provide the reliability and the structure to respond to these needs. Next slide, please.

Toi Roberts: Less than a minute remaining.

Ellen Lurie Hoffman: Thank you. We believe that FHFA should provide Duty to Serve credit, giving more credit to units that are affordable to lower income residents, 80% of AMI or below. And FHFA should request that the Enterprises provide evidence that a property is at risk, based on local market conditions and ownership to receive the greatest amount of Duty to Serve credit for their investment. Next slide, please.

Thank you again for this opportunity to present comments and I'm available if there's any questions or need for further information. Thanks so much.

Toi Roberts: Thank you, Ms. Hoffman. Now introducing our next speaker, Mr. Aaron Gornstein, from the Preservation of Affordable Housing. Mr. Gornstein, please press pound two (#2) and –turn on your webcam.

Aaron Gornstein: Thank you. My name is Aaron Gornstein and I'm the CEO of Preservation of Affordable Housing, or POAH. We own and manage approximately 12,000 affordable apartments in 11 states and the District of Columbia. I have some short comments on five areas, Low-Income Housing Tax Credits, Section Eight, rural development, CDFIs and energy efficiency. Ellen obviously touched on a few of these.

So, with regards to Low-Income Housing Tax Credit debt, we strongly support Freddie Mac's increased goals for financing the LIHTC properties in 2021. We're concerned that no target is set for purchases of loans secured by LIHTC financed properties. Fannie Mae liquidity is important in this market and we urge it also to continue its activity in 2021.

With regard to LIHTC equity, the LIHTC equity investment is not part of Fannie Mae's DTS plan, but its participation in the equity market is crucial to Affordable Housing Preservation efforts. Especially as the LIHTC market has been negatively impacted by recent changes to

Federal Tax law. So, we strongly urge both GSEs to maintain their presence in this market.

Second is Section Eight. We support the GSEs' increased loan purchase targets for Section Eight assisted properties. These properties are crucial assets and liquidity for preservation purchases, including rehab is very important.

The third area is rural development in 515 properties. And we understand that COVID and other factors have impacted the GSEs' ability to work with USDA, to implement loan purchase goals, to support 515 properties. But given the looming preservation crisis in this portfolio, we do appreciate Fannie's continued focus on it and strongly support its inclusion in the 2021 plan. By the same token we urge Freddie Mac to continue to work in this space as well and not remove that activity from the 2021 plan.

With regard to CDFIs, Ellen spoke to this and the importance of investments here, but we support the modification of Fannie Mae's small multifamily loan purchase strategy to focus on CDFI lenders. This is a crucial way to reach underserved parts of the market. And CDFIs are currently among the only lenders doing this, so it makes them very appropriate partners. And we're pleased to see this activity in the 2021 plan and would support a higher target. Similarly, we're excited to see Freddie Mac's proposal to develop a credit enhancement offering for CDFI multifamily loans.

The final area is around energy efficiency and resiliency. We would like to see Fannie Mae continue its loan purchase goals for its Green Rewards and Green Preservation Plus loan products. Promoting energy and water efficiency in multi-family housing is a crucial part of Duty to Serve, and we urge Fannie Mae to include both outreach and loan product targets in the final plan.

We strongly support Freddie Mac's proposed research and reporting on resiliency in multifamily housing. This is a really urgent issue, and the response will benefit from Freddie Mac's leadership on this.

To finish up, I just have a few other items. We support Fannie Mae's increased goal for loans secured by properties under state or local affordable housing programs. This was spoken to at the beginning, in terms of the presentations.

We also support Freddie Mac's increased targets for loan purchases in high opportunity areas. And finally, we're very pleased to see Freddie Mac's amendment of its 2020 plan, to develop more robust research on mixed income development in the areas of concentrated poverty and look forward to seeing that report. Thank you very much.

Toi Roberts: Thanks, Mr. Gornstein. Introducing our next speaker, Ms. Lisa Rice from the National Fair Housing Alliance. Ms. Rice.

Lisa Rice: Good afternoon. And thank you for this opportunity to provide comments on the Enterprises' Duty to Serve plans. The National Fair Housing Alliance is the nation's only national nonprofit civil rights organization, dedicated solely to eliminating all forms of housing discrimination and expanding equal housing opportunities.

Last year, when I spoke on this topic at a Listening Session at FHFA's headquarters when we could all be together, I focused my comments on the dire need to view and apply the GSEs' Duty to Serve requirements through a fair housing lens. I want to again echo that sentiment.

We believe that it is imperative that the Duty to Serve plans and activities be seen and assessed through a fair housing rubric. And that going forward, the Federal Housing Finance Agency must place special emphasis on how the Enterprises' activities will advance fair housing goals.

There's a dire need to focus on fair housing opportunity within the framework of the Duty to Serve plans, because our markets are not fair, they don't work well for people of color, women, people with disabilities and other underserved groups. And in fact, when you look at our residential and lending patterns, we are a century behind where we need to be in terms of the ratio wealth and home ownership gaps and residential segregation, we're literally living in 1890.

Residential segregation is the bedrock of inequality in America and it exacerbates today's affordable housing crisis. And I think the COVID-19 pandemic and its disparate impacts have revealed just how deeply unfair and inequitable are our housing and finance system.

So, I'd like to propose several suggestions for deepening the link between fair housing and Duty to Serve. This is not an exhaustive list by any stretch of the imagination, but it does present a good place to start.

And I will note that we were happy to see that Freddie Mac's underserved markets plan includes discussion of fair housing and a reference to affirmatively furthering fair housing.

So first I want to lift up special purpose credit programs. The Federal Housing Finance Agency we believe should openly support and encourage the GSEs to establish a program to purchase loans originated through the special purpose credit program.

The Equal Credit Opportunity Act offers entities a powerful tool in the special purpose credit program. It provides a customized way to meet the special financial needs of underserved groups, including groups that share a common characteristic. Special purpose credit programs can play a critical role in promoting credit access in areas that have been too long neglected and can be crucial in helping the GSEs meet their Duty to Serve goals.

They can also fill gaps left by other affordable credit programs that have ill served communities of color and rural areas. So we urge the Federal Housing Finance Agency to support the Enterprises' establishment in accordance with Reg B guidelines of special purpose credit programs to facilitate the implementation of tailored programs to meet the special financial needs of underserved borrowers. We believe these programs can significantly aid the GSEs in meeting the goals and objectives and the activities outlined in their underserved markets plan.

Next, I want to lift up pilot programs. We think that the Federal Housing Finance Agency must allow the GSEs to actively engage in pilot programs in order to help advance housing and financial opportunities for underserved markets. Pilots are a great way to test new ideas and fine tune product parameters. They are also a means of allowing the GSEs to partner with community development financial institutions, minority depository institutions.

It's also a way of helping identify better mechanisms for serving underserved borrowers and markets and target support for areas that have been neglected by the financial mainstream.

Next, I want to talk a little bit about Small-Dollar Mortgage Loan Programs. We strongly urge the Federal Housing Finance Agency to encourage the significant expansion of the GSEs' support for Small-Dollar Mortgage Loan Programs.

The Urban Institute conducted important research debunking the myths that Small-Dollar Mortgages are riskier, have poor loan performance and that the borrowers obtaining them have poorer credit. In 2015, only one in four homes purchased for $70,000 or less was done so with a mortgage. There are over 600,000 homes for sale valued under $70,000 in the US.

These homes offer a range of naturally occurring affordable opportunities for home ownership. They're a critical way of preserving affordable home ownership. But that's only if consumers can access loans to purchase them. And the GSEs are perfectly situated to provide broad scale support for borrowers who would like to purchase existing affordable homes.

Next, I want to touch on tech equity and disparate impact. We encourage the Federal Housing Finance Agency and the GSEs to consider whether the technologies that Enterprises use or encourage and the policies they implement present a disparate impact for borrowers and/or communities of color.

For example, the requirement to use outdated credit scores have been proven to have a deleterious effect on certain protected classes. The US dual credit market and systemic residential segregation are catalysts for grave disparities in the credit scores of different segments of the market.

Moreover, blunt or crude pricing guidelines--

Toi Roberts: One minute remaining.

Lisa Rice: Can disproportionately impact borrowers of color, locking them out of housing opportunities they deserve and exacerbating the racial wealth and home ownership gap.

We strongly urge FHFA to pay attention to issues of algorithmic bias and tech bias and policies that drive disparate impacts as it conducts oversight of the GSEs' implementation of their underserved markets plan.

I want to touch briefly on environmental and climate justice. It's critical that the Federal Housing Finance Agency and the Enterprises address Duty to Serve activities with an eye to environmental and climate change impacts, since both are highly connected to people's ability to access mortgage credit and affordable home ownership.

There's also a strong nexus between these issues and fair housing opportunity. Residential segregation is a huge driver, for example, behind whether certain communities, including rural areas, have access to clean land, air or water. And we would like to work closely with the Federal Housing Finance Agency and the GSEs to address the issues around energy and water efficiency. And I should loop tech equity and disparate impact in that too. And then finally, let me --

Toi Roberts: Less than one minute remaining.

Lisa Rice: I’m sorry?

Toi Roberts: Your time has expired. Do you want to wrap up?

Lisa Rice: Okay, yeah. I just wanted to say that we support the GSEs’ goals for shared equity programs and residential economic diversity.

Toi Roberts: Thank you, Ms. Rice. Introducing now our next speaker, Mr. Garth Rieman, from the National Council of State Housing Agencies. Mr. Rieman.

Garth Rieman: Thank you for seeking public comment on Fannie Mae’s and Freddie Mac's underserved markets plans and holding this Listening Session to obtain more feedback on them. We appreciate your attention and engagement.

The National Council of State Housing Agencies is pleased to have this opportunity to deliver these remarks on behalf of the state HFAs it represents.

States created HFAs to provide affordable mortgage financing for home ownership and rental housing. HFAs have a proven track record of success over many years in delivering affordable housing and leading their state's affordable housing efforts.

HFAs use tax exempt housing bonds, housing credits, HOME, the housing trust fund, Section Eight, and many other federal and state programs to support the production and preservation of affordable housing.

Of particular relevance for the discussion today, HFAs are also leaders in supporting Affordable Housing Preservation through lending programs and housing credit allocations. The housing credit is the primary source of capital available for preserving affordable rental housing. And I want to focus my remarks there for a minute.

Many HFAs have set aside their selection criteria in their housing credit Qualified Allocation Plans to encourage preservation and preservation related activities, including rehabilitation. NCSHA’s annual survey of HFAs found that they allocated more than $110 million in 9% housing credits and more than $175 million in 4% housing credits in 2018 to preserve affordability in more than 300 properties with more than 36,000 units.

These resources are still not enough to meet the overwhelming preservation needs an amount of at-risk housing stock. The Joint Center for Housing Studies at Harvard University and other analysts have demonstrated the consistent loss of affordable housing over many years and the growing threat of losing more at-risk housing in the coming years.

Because of the urgent need to preserve affordable rental housing and the vital role the housing credit plays in making preservation feasible, we urge FHFA to allow the Enterprises to receive Duty to Serve credit for housing credit equity investments in Affordable Housing Preservation transactions. And we encourage the Enterprises to focus their investments on these activities.

Awarding credit for these activities would complement and hopefully encourage Fannie Mae’s and Freddie Mac's plans to continue significant housing credit equity investments in 2020 and 2021, which we strongly support.

Indeed, we encourage FHFA and the Enterprises to expand their housing credit investments to support preservation and increased production. Housing bonds are also a valuable tool for preservation financing. So we encourage FHFA to allow the Enterprises to purchase tax exempt housing bonds and to provide Duty to Serve credit for bond purchases or guarantees that support preservation.

We support Fannie Mae’s and Freddie Mac's plans to increase the preservation activities, including work on properties financed under HUD's Rental Assistance Demonstration Program and USDA's Section 515 program. We also support the continued emphasis on small multi-family properties. These properties are important resources, but financing and preserving them is very difficult, particularly due to the impact of the COVID pandemic and the Enterprises could help a lot.

We urge Fannie Mae and Freddie Mac to partner actively with HFAs in their lending activities. And we appreciate they're calling out their activities in this area. It's important that the GSEs work closely with the HFAs to offer the best possible lending terms, including continuing to investigate ways to streamline and increase affordable housing lending, by delegating underwriting and servicing authority to qualified HFAs.

While efforts to create such lending initiatives have been challenging and failed to succeed thus far, we still believe there's both the need for and the potential to make them succeed. We support Freddie Mac's plan to examine financing opportunities for Affordable Housing Preservation for properties located in Opportunity Zones, and urge Freddie Mac to advance this effort quickly enough to engage in preservation activity in Opportunity Zones as soon as possible.

In awarding Duty to Serve credit for preservation, especially lending on acquisition deals, FHFA should ensure affordable housing properties remain affordable for the longest possible time, perhaps by providing more Duty to Serve credit for units that are affordable longer.

In addition, FHFA could request that the Enterprises provide evidence that a property is at risk based on its local market conditions and ownership in order to receive the greatest Duty to Serve credit for the investment.

To summarize, preservation is vital and we believe the Enterprises can and should do more to help HFAs and other stakeholders expand their preservation activities. Thank you for the opportunity to speak with you today. We appreciate your efforts and look forward to working with you. Thank you.

Toi Roberts: Thank you, Mr. Rieman. Introducing our next speaker, Leslie Strauss of the Housing Assistance Council.

Leslie Strauss: Good afternoon and thank you for the opportunity to speak today. I'm Leslie Strauss, Senior Policy Analyst at the Housing Assistance Council. HAC is a CDFI and a provider of training technical assistance and research related to affordable housing in rural America.

My comments focus specifically on rental preservation needs in rural places. Some of the most vulnerable rural residents rent their homes, but there are not enough decent affordable rentals for those who need them. A notable portion of them are endangered by expiring use restrictions, physical aging, or both.

Preservation of affordable rental housing in rural America remains an important component of the Enterprises' Duty to Serve. I can quote statistics at you, but you know what the problems are. Even before the coronavirus pandemic began, housing costs were a significant problem for rural renters, as they were for urban and suburban residents.

At the same time, rural renters experience a disproportionately high rate of physically inadequate housing. Although the supply of affordable rural rental housing is already unable to meet the current need, it's declining further as rental properties with USDA Section 514 and 515 mortgage loans are leaving the programs and the affordability requirements. The vast majority of Section 515 properties were constructed before 1990 and their mortgages are now maturing.

HAC's research has found that as these mortgages reach maturity, if there is no intervention an average of over 16,000 Section 515 units will be lost each year from 2028 to 2032. Losses will then continue at an even faster pace to 2045, and by 2050 no Section 515 units will remain. The mortgage maturity problem is compounded by owner's ability to prepay their mortgages in some situations. Preserving Section 515 stock is expensive, but it is also essential.

In 2020, the coronavirus pandemic is adding new housing preservation needs in rural, suburban, and urban places. The lack of sufficient rental assistance to make up for tenants lost incomes poses a new threat to the existence of affordable housing, especially units with small or nonprofit owners. I'll talk more about this in a moment.

Fannie Mae and Freddie Mac play important roles in the preservation of rural rental housing. They're essential in LIHTC preservation transactions, both as equity investors and as backers of loans that supplement tax credit financing. They can support USDA's Section 538 program by purchasing loans. They provide resources for technical assistance, research, stakeholder networking and events. HAC appreciates the actions both Enterprises have taken to date in all of these arenas and the commitments they have made for 2020 and 2021.

HAC is disappointed, however, that the Enterprises plan to focus on the least risky and least costly supports for rural rental preservation. The proposed activities, which include providing technical assistance, developing a loan product enhancement to purchase rural preservation loans, purchasing small multifamily loans from small CDFIs, and developing a tool to help identify rural properties with tax credit or Section Eight assistance are helpful, but insufficient.

Rural rental preservation work has not stopped because of the pandemic, yet the Enterprises are proposing not to purchase rural preservation loans in 2020 and '21. Freddie Mac's proposed amendments strike its 2020 objective to purchase loans to preserve Section 515 properties, without explanation and without substituting anything else.

Likewise, Freddie Mac proposes to delete the 2020 objective to develop and release a loan offering that would support the Section 538 program. It does propose to make LIHTC equity investments under several objectives relating to serving rural needs. Again, however, while these are helpful, they are not enough.

HAC strongly supports the role of CDFIs in rural rental preservation. But without a better explanation, it is not clear why Fannie Mae proposes to revise its previous commitment to purchase small multifamily loans from lenders with under $10 billion in assets and instead purchase only from CDFIs below that asset threshold.

Fannie Mae also proposes that in 2021 it will consider coupling that with LIHTC equity and/or relaunching Fannie Mae's permanent loan option for the construction, acquisition, or rehabilitation of rural multifamily properties through the USDA's RD 538 program. After having several years to consider the Duty to Serve obligations for rural rental preservation, we would hope that Fannie Mae would be able to take action in 2021.

While HAC hopes the Enterprises will change their proposals to begin purchasing loans in 2021, they can also do any or all of the following. One, support lenders in complex preservation deals. CDFIs and other mission-driven lenders are significant players in this arena, but their ability to participate is limited by the time and labor required. As Ellen Lurie Hoffman stated, the Enterprises could help support their participation.

Two, invest in the preservation loan funds of CDFIs. HAC, for example, has a preservation loan fund geared specifically to assist with rural rental preservation efforts.

Three, make small grants to preservation purchasers to cover their costs. Four, supplement funds provided through USDA's multifamily preservation and revitalization program. Again, this would be direct assistance to purchasers' preservation deals --

Toi Roberts: One minute remaining.

Leslie Strauss: Thank you. Not all properties have rental assistance and therefore cannot make up the loss of income to the property that comes when the tenants have lost their jobs or their incomes because of coronavirus. In this recession, properties without rental assistance, and that includes particularly naturally occurring affordable housing and Low-Income Housing Tax Credit units that do not have rental assistance, which is about half of them. Those units are endangered in a way that they have not been before.

The Centers for Disease Control Eviction Moratorium provides tenants for -- temporary protection for tenants, but it doesn't help property owners who rely on rental income to pay their own mortgages and expenses.

HAC urges the Enterprises to take steps immediately to help preserve these properties as well, such as encouraging refinancing to lower debt burden, encourage coupling forbearance with long term extensions so borrowers do not face balloon payments or increased monthly payments while they and their tenants are still in the process of recovering from the pandemic recession.

And offer new loans, flexible terms, long terms, or interest only payments initially or delay payments at all for a while so that owners of these properties can refinance and reduce their costs. Thank you again for the opportunity to speak today.

Toi Roberts: Thank you, Ms. Strauss. Introducing our next speaker, Ms. Emily Thaden from Grounded Solutions Network.

Emily Thaden: Thank you. My name's Emily Thaden and I'm the Director of National Policy and Sector Strategy for Grounded Solutions Network. We are a nonprofit membership organization of over 200 local nonprofits and governments across the country that create housing with lasting affordability, including providing lower income households shared equity home ownership opportunities through below market rate programs, community land trusts and limited equity co-ops.

So, my comments are going to focus on shared equity home ownership activities and the 2020 plan modifications and the 2021 extension. But I would like to echo Ellen's comments on the importance of Duty to Serve, especially currently, and FHFA's transparent and participatory planning process and conducting robust evaluation.

So, thank you for holding this Listening Session today, as a part of that participatory process and extending the UMPs through 2021 and recognizing the impact of COVID is profound on housing security and requires meaningful action, including in the underserved markets.

So, to that end, we believe that both Enterprises should be doing everything that they can post forbearance to help existing homeowners stay in their homes. And we believe that this will require more than existing workout options for many homeowners, and that it may be possible that for some homeowners threatened by foreclosure, that they could be assisted by shared equity programs or community land trusts to substantially lower monthly payments in return for putting their homes into the program.

We hope that the GSEs will explore solutions like these, to prevent foreclosure due to COVID related hardships that are undoubtedly disproportionately impacting communities of color. When keeping one's home is not possible, mission-driven entities, both public and nonprofit, should have a first look for REOs to purchase, rehab and create affordable rental or home ownership opportunities.

We learned from the foreclosure crisis, however, that nonprofit and public entities need to be able to purchase their homes at discounts and that they need financing for acquisition and rehab. The GSEs should explore how they can ensure that more REOs result in affordable housing or preservation of naturally occurring affordable housing. And more specifically an REO strategy that could result in increasing the supply of shared equity homes.

So, we recommend that both GSEs think about innovative disposition strategies to increase the supply of shared equity homes and minimize the impacts of REO and UMP investors in the single family rental space on communities of color.

I'd like to now turn my comments to Freddie Mac's modification and extension plan. Freddie Mac proposes to remove working on product flexibilities and selling guide changes to the shared equity product offerings in year three, while adding a loan purchase activity in year four.

And we applaud their effort to stand up their product offering for a community land trust using ground leases, which incorporated requests from the field of having notifications of delinquency and foreclosure and greater opportunities to buy back properties and instances of foreclosure proceedings.

However, we are continuing to hear from the field that they're still unable to access this product offering. And so while we are not totally certain why, we wonder if this is an issue of servicers not agreeing to these additional terms.

We request that Freddie Mac actually does continue to research this and conduct intensive market outreach to evaluate if lenders and servicers will get on board with the product offering or if the product offering needs some changes.

Additionally, Freddie Mac proposed a year for a loan volume goal between 30 to 40 loans, basing this off of 2019 loan volume of 41 loans. We support that this goal should be increased to, at minimum, 40 to 50 loans, reflecting all of the work that they've actually done in this space so far to increase liquidity.

Now turning to Fannie Mae, we support Fannie Mae's changes to the 2020 plan and the activities added for 2021. We believe that both the model deed restriction will help to standardize the field over time and that the certification I mentioned previously to identify programs that are compliant with the Duty to Serve requirements, will ultimately increase access to financing in the future and remove burdens for lenders.

However, we do not support completely removing purchase goals over the original three-year period or the new four-year period. The original goal was purchasing 1,100 to 1,300 loans over the UMP period. We believe that they should include a loan purchase objective for 2021. Their best estimate of average loan volume across the 2014 to 2017 period was 197 loans per year.

And so, we believe that they should at minimum commit to purchasing between 200 to 225 shared equity mortgages, once again, based upon the work that they've conducted to date to actually increase access.

So, I would really like to thank Fannie Mae and Freddie Mac. They have been great partners to the shared equity field and continue to express a great commitment to underserved markets of borrowers and shared equity programs. And we do hope to see increased loan volume moving forward in the future. Thank you.

Toi Roberts: Thank you, Ms. Thaden. Introducing our next speaker, Mitria Spotser from the Consumer Federation of America.

Mitria Spotser: Hello. Can you hear me?

Toi Roberts: Yes, Ms. Spotser. Thank you.

Mitria Spotser: Great. I would like to thank you for the opportunity to speak to you today. And I would just say that it's so important for FHFA to hold these calls. And so, we certainly applaud you for doing that.

One of the things that I would like to raise, because I agree with all of the points that have been raised before, is the intersection between the proposals that you -- the things that we're talking about right now and the proposals that you've recently issued.

And so, one point is that you've recently issued a proposal not less than 48 or 72 hours ago, that talks about pre-approval for GSE programs or new initiatives. And so, one of the things that we're definitely thinking about, is how does an issuer interact with your ability -- the GSE's ability to initiate new affordable housing programs?

And one of the things that we're thinking about is how important it is to be able to allow pilot programs and initiatives to take place and expressing some level of concerns about that potential inability for that to happen.

And so one of the things that I would point out is that, when it comes to Duty to Serve and especially for Affordable Housing Preservation, the reality is that after all these years, we still haven't figured out a way to preserve affordable housing effectively. There are all sorts of challenges financially within the markets and so it requires some level of creativity to make that work, both for the markets and for consumers.

And so, as we think about new policies and programs that we initiate and put in place, we have to think about the ability to be able to also initiate those pilots and programs with some level of flexibility.

And so, the one thing that I would caution, in addition to everything that all the other individuals have said, is how we think about the current regulations, the rule makings that FHFA is pursuing and sort of allowing that process to take place in a way that is effective for the GSEs to have an ability to initiate pilots. And in a way to effectively determine whether or not there is a market and there is a market that is able to pursue home ownership programs with a safe level of risk, as they pursue fulfilling their mission and fulfilling the ability to satisfy the Duty to Serve.

So, I think that was the point that I wanted to be able to raise from this phone call.

Toi Roberts: Okay. Thank you, Ms. Spotser. Introducing our next speaker, Ms. Annie Donovan from the Local Initiatives Support Corporation. Ms. Donovan, if you could open your webcam.

Moderator: Ms. Donovan, please press pound two (#2) on your cellphone.

Annie Donovan: Yes. Can you hear me now?

Moderator: We can hear you.

Toi Roberts: Yes. Thank you.

Annie Donovan: Okay. Thank you. Thank you for having me today. I'm Annie Donovan, the Chief Operating Officer of Local Initiatives Support Corporation, which is a national Community Development Organization and a certified CDFI that has been investing in low-income communities for over 40 years.

Last year LISC and its affiliates invested $1.4 billion. This includes investments made by our nonprofit LIHTC syndicator, the National Equity Fund.

LISC strongly supports the efforts of Congress and FHFA to expand the mission and regulation of the GSEs beyond these affordable housing goals established in 1992. And we applaud the thoughtful and creative approaches to underserved markets that are reflected in the current rule, particularly the inclusion of Affordable Housing Preservation programs.

Before I get to specific comments, I wanted to address one of the higher level input questions posed by FHFA. Question two asked, what market conditions, including those brought about by the COVID-19 pandemic, should FHFA consider?

COVID-19 is having a disproportionate impact on black, indigenous and Latinx communities across America. It has exposed poignant and painful truths regarding the inequalities that underpin our economy and our society. And these inequalities certainly can be seen in housing markets.

Our nation's history includes exclusionary housing policies, many of which were promulgated at the federal level, that resulted in the racial segregation and disinvestment that continues to have profound impacts today. Because safe and affordable housing and home ownership are a bedrock for pursuing opportunity in America, we must have a housing finance system that facilitates progress.

The home ownership rate for African-Americans, for example, still hovers under 45% and it's comparable to the Black home ownership rates prior to the passage of the Fair Housing Act of 1968 that made housing discrimination illegal.

We must ask ourselves, is this acceptable progress? We must commit to understanding and addressing the ways in which systemic racism is designed into our housing finance system, so that it can be rooted out.

I know that the Enterprises are but one part of a complex housing system, but I urge the FHFA and the GSEs to think more deeply and act more boldly to make access to affordable housing more broadly available to all Americans.

I urge you to be accountable, not just for your efforts, but for accomplishing results that move the needle on America's affordable housing problem. I urge you to center racial equity and the Duty to Serve goals in the near term, as well as the long-term.

In LISC's experience, the types of transactions that expand choice and opportunity are often smaller, more labor-intensive and have different risk profiles than its typical in conventional mortgage underwriting. CDFIs have worked in underserved communities for many years and have firsthand knowledge of local markets and partners. We are adept at mitigating the risks that are often inherent and investing in them.

With our strong loan portfolios, CDFIs are natural partners for leveraging the Enterprises' liquidity and expanding responsible investment in these markets. The efforts of the Enterprises pursuant to their Duty to Serve, should be evaluated by the extent to which they facilitate more of these types of transactions to create or preserve housing opportunities.

So, I'd like to turn now to Fannie and Freddie's proposed 2020 plan modifications, beginning with Fannie Mae's proposed modifications under the USDA Section 515 Rural Rental Housing program.

The current plan sets a goal of purchasing at least six loans secured by Section 515 properties at risk of exiting the program. The new goal would eliminate loan purchasing activity in part due to the impacts of COVID-19. While we understand the difficulties of creating a new Section 515 loan purchase product, we encourage USDA and Fannie Mae to not lower purchase volume targets.

Previous Duty to Serve plan amendments have indicated that USDA's first loan requirement on Section 515 properties to retain the Section 521 rental assistance have created implementation challenges for Fannie Mae.

LISC believes it's better to maintain the current loan purchase activity goals, even when not successful, since it incentivizes Fannie Mae to resolve those challenges. COVID-19 has caused for us all to lean in, not back off. Our most vulnerable citizens are hurting the most from the impacts of COVID-19 and this is no time to retreat.

Fannie Mae is also proposing to make changes to its financing of small multi-family rental properties, that's objective one. LISC supports increasing activities that allow CDFIs to finance more small multifamily properties. Especially since many are currently at risk due to higher operating expenses and decreased rent collections, as a result of the COVID-19 pandemic.

Outside of the DTS goal, we recommend that FHFA and Fannie Mae proactively reach out to the CDFI industry to develop a streamlined process for approving CDFIs as DUS lenders, so more mission-based lenders participate in Fannie Mae financing.

Freddie Mac is proposing a modification to one objective which supports residential economic diversity and proposes a new one, that's Objective F. LISC supports building on Freddie's previous research in this area to encourage additional investments in areas of concentrated property.

With respect to Objective F, the proposed tool will help mission-based lenders like LISC identify preservation opportunities, including those in higher opportunity neighborhoods that are most at risk. With respect to the 2021 --

Toi Roberts: Less than one minute remaining.

Annie Donovan: With respect to the 2021 DTS plans, LISC supports Freddie Mac's commitments to continue their support of the Low-Income Housing Tax Credits. We commend Freddie Mac for continuing to be a source of strong liquidity for the tax credit. And we encourage Fannie to continue providing support under objective one. LISC supports Fannie Mae’s continued role in providing liquidity to preserve Section Eight properties.

Thank you for the opportunity to provide feedback. I appreciate it.

Toi Roberts: Thank you, Ms. Donovan. So that brings us midway, where we will now break for ten minutes starting now until 2:27 p.m. Thank you.

[BREAK 01:16:20 to 01:26:47]

Toi Roberts: Hello and welcome back to the Affordable Housing Preservation, Duty to Serve Listening Session. We're now going into our next group of guest speakers. The first speaker I'd like to introduce is Kristin Siglin, from the National Community Stabilization Trust. Ms. Siglin, can you press pound two (#2) and turn on your webcam?

Moderator: Ms. Siglin, your line has been unmuted, please go ahead.

Kristin Siglin: The National Community Stabilization Trust is grateful for the opportunity to comment on modifications to Fannie Mae and Freddie Mac’s Duty to Serve plans for 2020 and the extension of the Enterprises activities and objectives for 2021.

NCST is a national nonprofit organization that works to restore vacant and abandoned properties to productive use, to prevent blight and support affordable home ownership. Established in 2008, NCST has enabled the rehabilitation of over 27,000 REO properties, including 7,000 properties acquired from Fannie Mae and Freddie Mac through the Neighborhood Stabilization Initiative.

I'd like to begin with stating that NCST strongly supports the overall Duty to Serve program. And today I will focus mainly on the regulatory activity that addresses the purchase or rehabilitation of distressed properties. NCST commends Fannie Mae for including this activity in its 2018 - 2020 Duty to Serve plan. These activities are likely to be even more important in future years in the wake of the economic downturn caused by the pandemic.

Widespread job losses inevitably lead to evictions and foreclosures, which will result in distressed and vacant properties that can damage the fabric of communities. Even though the flow of REO properties is much lower now than it was at the height of the great recession, these numbers are likely to increase because of the pandemic.

I'd like to begin with Duty to Serve progress and distressed properties to date. NCST has seen some progress resulting from Fannie Mae’s Duty to Serve activities, including improvements to its renovation loan products for homeowners and ongoing efforts to create a renovation loan product that can be used by nonprofit developers.

We encourage Fannie Mae to persist in these efforts to improve the Homestyle Renovation loan products by working with nonprofits to carry out single family home rehabilitation. Access to capital for renovation financing is a challenge for many of the smaller single family developers that NCST works with, and we would welcome Fannie Mae's efforts to address this market failure.

However, we're sorry that Fannie Mae is not proposing any modifications to its 2020 work with distressed properties and proposes an extension of current activities for 2021.

Access to renovation financing for distressed properties is a perennial challenge, in part due to the continued reticence of what lenders who participate in this line of business.

One technical, yet important issue that I would like to elevate, is that Fannie Mae's work in this area has been hampered by FHFA’s unduly restrictive definition of distressed property.

FHFA has the authority to broaden its definition of what counts as a distressed property, beyond short sales, foreclosures staff and REO to include distressed properties from multiple other channels, including tax foreclosures, receivership, nuisance abatement and asset forfeiture. FHFA should also consider treating properties in poor condition, C5 or above, as distressed regardless of their acquisition channel.

As we look towards 2022 and beyond, NCST believes that neighborhood stabilization is a critical issue that merits being included in both Enterprises’ Duty to Serve plans.

To this end, NCST recommends that both Enterprises undertake the following initiatives: continue to focus on promoting renovation mortgages for nonprofits, as well as for homeowners, including more effectively recruiting lenders to offer these mortgages. Invest in CDFIs that finance nonprofit acquisition to rehabilitate distressed property. And pilot new approaches to encourage lenders to make small balance mortgages.

Finally, please note that nonprofit and other mission-focused developers are facing existential challenges right now due to the lack of inventory in the market caused by the pandemic itself in what will have been a nine month foreclosure moratorium by the end of 2020.

Whenever foreclosures begin again, it is critical to ensure that these properties are more -- made accessible to these developers. NCST will ensure that its buyers are able to access Freddie Mac properties. But because we no longer serve as a vendor to Fannie Mae, it will be important for FHFA to oversee the performance of Fannie Mae's new Community First program.

In conclusion, I'd like to engage in some reflections on process and outcomes in Duty to Serve. As we reflect on the evolution of Duty to Serve since 2021, we'd like to offer a few observations about both the process and the outcomes to date.

We would like to thank and commend FHFA for the robust and inclusive process that it has undertaken on Duty to Serve beginning in 2016. And through its implementation of Duty to Serve, FHFA has run a remarkably open and accessible process, enabling external stakeholders to provide input into the activities of the utmost important to individuals and markets currently underserved by the Enterprises. We greatly appreciate this level of engagement.

That said, as we look to future Duty to Serve plans, it is also important to have significant accountability and incentives that reward the Enterprises for tackling tougher challenges. That would be helpful for the plans to emphasize outcomes rather than to belabor process steps. It is less important that the plans be prescriptive about how a goal is to be accomplished then they be clear about metrics and outcomes.

In future Duty to Serve plans, it would be helpful for FHFA to emphasize that the plans should be concise, which would make them accessible to stakeholders. Fannie Mae's plan is 179 pages. Freddie Mac's is 259. Even the evaluation guidance is 46 pages. Freddie Mac's 2018 to 2020 plan includes a very helpful overview chart at the beginning and a useful executive summary. This is a good model for future Duty to Serve plans and we encourage FHFA to require this format.

Finally, FHFA should organize its website so that both the plans and evaluation and reporting on the plans are easily found, to increase transparency and accountability to the proposed plan.

Thank you for the opportunity to share our thoughts on the Duty to Serve requirements. NCST stands ready to partner with both Enterprises to assist them in conducting outreach and implementing new products and approaches in those neighborhoods whose housing markets remain weak. Thank you.

Toi Roberts: Thank you, Ms. Siglin. Now introducing our next speaker, Andrea Ponsor, from Stewards of Affordable Housing for the Future. Ms. Ponsor, please press pound two (#2) and turn on your webcam.

Andrea Ponsor: Thank you for this opportunity to provide comments on the 2018 to 2020 Duty to Serve plan modifications and one year extensions for 2021. Stewards of Affordable Housing for the Future, or SAHF, is a national collaborative of 13 high capacity, nonprofit developers with multi-family affordable rental housing. SAHF and its members come together to lift up the best practices and policy ideas for creating and preserving homes that connect people to opportunity and wellbeing.

SAHF members own almost 148,000 rental homes in 2,000 locations all over the country. Loans purchased by the Enterprises are just one important source of capital that they use to create and preserve homes that are affordable. SAHF and its members value not only the capital source, but also the role that the Enterprises can play in sparking innovation and changing how rental housing is financed. We strongly support the Duty to Serve program and the strong engagement process.

My comments today will focus on multi-family Affordable Housing Preservation. We thank FHFA and the Enterprises for their awareness of and response to the rapidly changing landscape brought about by the COVID-19 pandemic. The economic impact of the pandemic has disproportionately impacted people with lower incomes who live in affordable rental housing, especially people of color, leaving millions unable to pay rent.

This also has implications for the preservation of affordable homes. Landlords facing months of unpaid rent and increased operating expenses, 15% by recent survey, have had to defer repairs. While SAHF members are navigating this balance and remain committed to providing quality affordable homes, many other owners may ultimately be driven to sell badly needed affordable rental stock.

At the same time, states and localities are facing unprecedented expenses and declining revenue that threatens to constrain their resources for vital gap funding programs and other housing supports. This crisis arrived in the context of a preservation challenge that was already seen. In the next ten years, 500,000 units with Low Income Housing Tax Credit financing are poised to exit their affordability period.

Responsive financing products are needed in all communities, that not only assure that properties can be preserved, but that they remain affordable to those with the lowest incomes.

I'd like to begin by offering a few comments on the proposed modifications. SAHF members provide affordable rental homes in urban, suburban, and rural communities all over the country and they've financed 2,500 rental homes with Section 515 loans.

We're very concerned about the preservation of these vital rental housing resources in rural communities. Fannie Mae's proposed modifications to its Section 515 objective of working with USDA and other stakeholders to adopt and approach that increases preservation of 515 properties. Citing impacts on USDA and lenders due to COVID, Fannie proposes to shift from a loan purchase target to supporting technical assistance for owners at Section 515 properties.

While TA will no doubt be valuable to sellers and help build support for the creation of new products, the barriers to financing are well understood. We urge Fannie Mae to continue to work with USDA and stakeholders to resolve barriers to development of a loan product. We believe that the purchase volume targets should not be lowered, but maintained to incentivize this innovation.

Under its activity of supporting residential economic diversity, Freddie Mac is proposing a modification to one objective and an addition to other new objective. We support both.

Changes to Objective D would build on existing research by identifying market factors that can be leveraged to further residential economic diversity and opportunity through mixed income housing and areas of concentrated property.

SAHF members have for decades worked to make transformative investment in such areas, beginning with quality homes. They strongly support this modification that will lift up learnings from existing research on mixed income housing and identify factors that can be leveraged for further investment.

There's a growing understanding that successful investment in areas of concentrated property requires a more comprehensive approach and data and example of the factors that can be leveraged, will support increased lending and further to the world partnerships that can help bridge systemic inequities.

Under proposed Objective F, Freddie will develop a tool to identify LIHTC properties and Section Eight properties in areas of residential economic diversity for preservation.

Identifying properties where affordability is at risk and delivering timely resources for preservation is a persistent challenge. That is not easily available and often unclear, since subsidy sources overlap. The proposed tool could be a valuable resource; however, small scale property owners and community-based groups own affordable housing assets that may have some of the greatest preservation needs, but they often don't have trusted relationships with lenders.

In many cases, these owners will often need technical or financial resources to navigate preservation. We urge the Enterprises to make data, including this tool, available to all CDFIs, whether or not they are lenders in Enterprise programs. And to consider whether they're identifiable classes of community-based organization or local government entities that should be permitted to access the data to help further long-term preservation efforts.

There are a wide range of actors who identified affordable housing with expiring use restrictions to this target for value add or as a return maximizing acquisition opportunities that are inconsistent with long-term preservation. We urge FHFA to consider what safeguards or additional efforts should be made to ensure that this information in this tool is used for transactions that truly preserve and extend affordability.

I'd like to turn to the 2021 plan updates. We applaud the Enterprises' continuing commitment to investing in core preservation activities by purchasing Section Eight and RAD loans and Fannie Mae's targeted increasing in its purchase of loans for properties that are in state and local affordable housing programs, as well as Freddie Mac's purchase of loans for properties financed by the Low-Income Housing Tax Credit.

I'd like to express particular support for an addition to Freddie Mac's plan in the objectives under activity six for energy and water efficiency improvements on multi-family rental properties. The proposed report on resiliency efforts within multi-family housing will be a valuable tool for practitioners and lenders seeking to preserve affordable rental homes.

Increasingly frequent disruptions from climate related disasters and other events impact all communities, but affordable rental housing is often disproportionately impacted. A focus in this report that includes not only new construction approaches, but a review of cost effective approaches to be considered in the rehab context, will be a very valuable resource for preservation.

Finally, given the significant and increasingly urgent need to preserve affordable rental housing and the growing constraints on other investment and financing sources, I want to echo my colleague, Ellen Lurie Hoffman's comment, and strongly urge FHFA to allow the Enterprises to be eligible for Duty to Serve credit for Low Income Housing Tax Credit equity investments and Affordable Housing Preservation transactions, as they are for mortgage purchases and such transactions.

Low Income Housing Tax Credits are the primary source of capital available for preserving affordable rental housing. By allowing Duty to Serve credit for tax credit investments, FHFA could help ensure liquidity for preservation financing. Thank you for this opportunity to provide feedback and for your ongoing opportunities for engagement.

Toi Roberts: Thank you, Ms. Ponsor. Our next speaker is Mr. Andrew Jakabovics, from the Enterprise Community Partners. Mr. Jakabovics, can you please press pound two (#2)?

Andrew Jakabovics: Can you hear me?

Toi Roberts: Yes.

Moderator: Try that again.

Andrew Jakabovics: Can you hear me now?

Moderator: We can hear you.

File Name: Affordable Housing Preservation - FHFH - DTS - Written Transcript

Andrew Jakabovics: Okay, great. Thanks. So, thank you to everyone for the opportunity to address FHFA and appreciate the presence of both the Fannie Mae and Freddie Mac representatives and the opportunity to speak to the proposed 2020 modifications and 2021 additions to the Duty to Serve plans.

Maybe you're probably familiar, Enterprise Community Partners, we're an organization whose mission is to make home and communities places of pride, power and belonging and platforms of resilience and upward visibility for all.

We're a national nonprofit that addresses America's affordable housing crisis, really from every angle combining almost 40 years of experience, thousands of partners and expertise nationwide. And with those partners, we've built and preserved 662,000 affordable homes and invested $53 billion in communities and have changed millions of lives.

Just in the interest of transparency, I should note that among our partners are Fannie Mae and Freddie Mac. Our subsidiary Bellwether Enterprise is a Fannie Mae DUS lender, multi-family affordable housing lender. And on the Freddie Mac side, we're a Program Plus seller servicer and targeted affordable housing lender, in addition to accessing other directly federal programs.

To reiterate a lot of the points made by previous speakers and so I'll try and keep this brief. There's really tremendous opportunities in outreach and leadership of the GSEs to address the elevated risk of eviction and displacement stemming from COVID, as well as setting a course towards more equitable housing outcomes for all Americans. Particularly through the opportunity to incorporate racial equity impact in forming plans.

And so while I recognize that FHFA's guidance determined it wasn't necessary to revisit the market condition sections of the Duty to Serve plans, I would urge the GSEs and FHFA to rely on the growing body of research that highlights the geographies, demographics of the greatest risk, to pilot, evaluate and expand the programs and products that directly serve the needs of those populations and communities in which they live.

Along the lines of touting research, I would like to recognize Freddie Mac's broad Duty to Serve based-research agenda in both 2020, when it's incredibly challenging to do research, and in 2021 reflecting the adjustments that have just been made, given that research is hard to do on affordable housing during the pandemic. And we would encourage Fannie Mae to follow suit, in terms of setting a strong course towards researching the greatest opportunities for impact.

In considering the adjustments and extensions to the target activities more broadly, I think the criteria really should be whether the trajectory is expansive or not, as sort of a baseline. Markets should be continued to be increased under all objectives and pressing pause only with clear indications that prevailing market conditions as a result of COVID are impacting the ability to achieve the desired outcomes.

And I would say that rather than lowering the bar for good performance and making substantive modifications to the plan targets, I'd urge Fannie Mae and Freddie Mac to continue to aim high and shift responsibility to FHFA to adjust the scoring, to reflect the changing landscape only if necessary down the road. As so many have already pointed out, now is not the time for timidity in these respects.

I want to just refer back quickly to previous comments made by multiple speakers as to the importance of GSE support for the housing credit properties, really at all stages of property's life cycle, both in the equity and debt spaces. Including the preservation of affordability as they exit program compliance periods. And we encourage them to continue to go deeper and broader in their support, including preserving the affordability of both the 515 properties and RAD deals.

Strong partnerships in both spaces are critical to effective preservation, as has already been noted. And we're encouraged to see the technical assistance to industry partners incorporated in the plans.

And as a side note, we've found in our research that property managers are a particularly important factor in Section 515 program exits, and would encourage including them in the list of targeted outreach down the road.

The last piece of the market that I really want to touch on, recognizing that my time is probably wrapping to a close shortly, is on the small and medium-sized multi-family. It’s a crucial segment to the market that has already been hit, very much at risk of loss is foreclosure. We know the operating costs have risen even as rent collections have dropped.

I point out in terms of the Fannie Mae elements of the small multi-family plans, the focus on CDFI lenders is incredibly valuable. But it should not be the only partner channel in Fannie Mae's plans.

Outreach and partnerships to minority owned depository institutions, as well as local savings banks and non-bank lenders, is really important. And the aggregate has shifted from a planned 321 target loans in 2020 down to six, because of the narrowed focus on CDFIs and then sort of increasing to eight in 2021 is really a radical retrenchment in support of that really critical segment. Especially considering that is really the source of most of the affordable unsubsidized stock in the country.

I think that Freddie Mac's identification of small financial institutions in need of credit enhancement is thoughtful. And I'm excited by the prospects of identifying scalability for credit enhancements for mortgages on those properties.

And so with that, again, thank you for the opportunity to weigh in. I think again, as many have already indicated, the transparency of the development of the plans and the ability to weigh in at multiple points in the process is definitely appreciated. And so we thank you that opportunity, both now in the past and looking forward to the future, as the longer term three-year plans get developed.

Toi Roberts: Thank you, Mr. Jakabovics. Our next speaker is Ms. Jessica Deegan, from Minnesota Housing. Ms. Deegan, can you press pound two (#2)?

Moderator: Hi, Ms. Deegan, your phone might be on mute.

Jessica Deegan: Thank you. Can you hear me now?

Moderator: We can hear you.

Jessica Deegan: All right, thank you. Good afternoon. My name is Jessica Deegan, I'm Director of Federal Affairs at Minnesota Housing. We're a state housing finance agency. Again, like everyone, thank you for this transparent process and for allowing us to speak about plan modifications and for the plan extension for 2021.

First, I want to agree with many of my fellow commenters that the decision to allow for a plan extension during this pandemic was wise. I foresee Duty to Serve underserved markets even more challenging as we move beyond responding to the pandemic, to recovering from it. Allowing this additional extension will allow the GSEs to plan for appropriate actions in the coming years.

In my comments today, I want to focus on a few of the items that are new for the 2021 extension. I'm going to first comment briefly on the plan elements that reflect some of the statutory requirements under Duty to Serve, in the preservation market, including Section Eight, USDA rural development 515 properties and other comparable state and local affordable housing programs. Then I'll touch briefly on some activities related to residential economic development and Opportunity Zones.

So, starting with Section Eight, both Fannie Mae and Freddie Mac have activities to purchase loans secured by properties served by the Section Eight program. As the full Section Eight portfolio is being transitioned into what's currently called the performance-based contract administration program, it's important to flag for you that HUD remains poised to reissue a new procurement for these services.

So, in terms of market dynamics in kind, I urge the GSEs to follow this procurement closely this year and continue to build partnerships with contract administrators, in compatible preservation strategies. At Minnesota Housing, we are that performance-based contract administrator for the State of Minnesota.

And I’ll also agree with Garth and other comments that the use of Low Income Housing Tax Credit to preserve affordable housing, particularly these federally assisted portfolios, is key. We have a strategic priority at our agency to preserve these units and it's reflected in our state's Low-Income Housing Tax Credit Qualified Allocation Plans. We absolutely support increased equity investments in the LIHTC activities for this purpose.

Next for USDA rural development 515 properties, we appreciate that Fannie Mae included work with USDA and other stakeholders to increase the preservation of 515 properties. Especially important is the new activity in their plan that involves extra technical assistance for 515 properties and a move to add loan purchases to the plan for the first time. This technical assistance is so important, as so many of the properties in this portfolio are owned by small entities and preservation is very complicated.

In our agency, we made use of a state legislature funded program, called the Rental Rehab Deferred Loan program, to partner specifically last year with RD on preservation. This portfolio is part of our preservation strategy, along with Section Eight and other federally assisted. And there are statewide partnerships in place, both an inter-agency stabilization group that's made up of funders and an advocate-oriented group with the preservation work group.

We know how difficult this portfolio is to preserve and we encourage the Enterprises to continue their partnerships with state or national initiatives working in this space.

One market condition at play today is structural reorganization of the multifamily housing division within USDA rural development, that creates a new organizational model. We don't know yet how this will impact the preservation strategies for this portfolio, but it is important development structurally for the Enterprises to keep in mind, as you work in this space.

Next, I'll touch on other state and local housing programs. As a representative of the state Housing Finance Agency, I want to reiterate the importance of strengthened relationships with housing finance agencies across the country, to consider preservation strategies that go beyond the federally assisted portfolios. While the statutory requirements separate into these portfolios, you like us, cannot put together a complete strategy for preservation without considering all the affordable housing subsidized and unsubsidized in the area.

So, we appreciate the expanded multifamily affordable housing definition in the Fannie Mae plan, to support comparable state and local programs. Knowing that all states have vastly different systems and programs, I encourage working with membership organizations, like the National Council of State Housing Agencies, to do this work across the country.

So on to residential economic diversity, Fannie Mae describes a RED initiative to increase loan purchases in these areas for other comparable state and local programs and conducts outreach and stakeholder engagement. We really appreciate its expanded state focus, although caution that stakeholder engagement should really have tangible results.

Freddie Mac described research on zoning practices that further residential economic diversity. I agree that this research is very much needed, but I ask whether the scope can be expanded to consider alternative metrics and frameworks of residential economic diversity.

I mention this, because much of the framework around residential economic diversity uses Low-Income Housing Tax Credit allocation agencies' Qualified Allocation Plans and what's really been under the umbrella of opportunity areas.

This language can shift over time. And I mention this because in our current proposed Qualified Allocation Plan in Minnesota, we've shifted our geographic area to focus more on the need for affordable housing, rather than these other external metrics, like what we used to call economic integration or having points for housing in higher income areas.

So, while language shifts over time, we need to really make sure how we can best approach equitable development and resource distribution, even if we're defining it differently between states and between different Qualified Allocation Plans. So, we encourage FHFA to allow for considering how dynamic the strategies can be over time in this area of opportunity.

I also want to comment on Opportunity Zones. Freddie Mac had noted a very unique activity cited to finance single family properties in Opportunity Zones. The plan cites gentrification concerns in some of these zones as a sound rationale for approaching this activity. Although we would suggest that it may also have value in rural communities and want to make sure that we're thinking about it beyond urban areas that have gentrification potential.

Toi Roberts: Less than one minute remaining.

Jessica Deegan: Thank you. Beyond the single family connection, I do want to mention that speaking of the Qualified Allocation Plans, many states did incorporate Opportunity Zones as a geographic preference location. Ours is in a proposed state, so we don't know what impact this will have, but we do see including Opportunity Zones as part of a community development strategy very similar to qualified census tracts already required for consideration in the plans.

This Opportunity Zone idea provides a good example of something new that arise during the plan cycle that impacts this work. And so, the flexibility to bring in these types of activities is important and should be encouraged.

So, in conclusion, I want to end just echoing everyone's thought on COVID response and recovery. I think Freddie Mac’s plan language sums this up pretty well, who notes that it's especially difficult to set targets and plan for business opportunities in such substantial market disruption.

I want to challenge both GSEs this year to monitor these impacts and disruptions and consider how we can get ahead of recovery, should we begin to see foreclosures and other economic impacts that would further disrupt the market.

We encourage that be considered in a framework of people in communities who are most impacted, especially low-income income renters and especially people of color or indigenous who are disproportionally impacted by the job losses and the virus itself.

In addition to ensuring liquidity in our financial markets, we absolutely need to consider how recovery is equitable for all in these already underserved markets. So, in this regard, I agree with the comments of Andrew, Lisa, Annie, and others earlier in the afternoon.

So, thank you again for holding this session today and for the continued work to serve the preservation market and all of the underserved markets in this plan. We look forward to continued partnerships as we move through this year and beyond. Thank you.

Toi Roberts: Thank you, Ms. Deegan. Now moving on to our next speaker, Mr. Greg Hopkins from the Rocky Mountain Institute. Mr. Hopkins.

Greg Hopkins: Thank you for the opportunity to comment today. My name is Greg Hopkins, I'm a manager at Rocky Mountain Institute, a 40-year old international clean energy think and do tank, that has commented and worked with the Enterprises since 2016.

Our comments today offer targeted recommendations for FHFA, to break down barriers and unlock significantly greater adoption of the Enterprises single family green mortgage products, as a cross cutting solution for the dynamic set of challenges facing the housing market now and into the future.

Over the course of 2020, we've seen hardships exacerbated for LMI households on three major fronts. Health, the pandemic has highlighted the importance of healthy, safe, and comfortable living conditions to which lower income families have limited access.

Economic, job and income losses have made it harder for families to cover their housing expenses, including their energy bills threatening unsafe living conditions, utility shutoffs or payment defaults.

And environmental. In recent months, we've seen record breaking heat, hurricanes, and wildfires, including one right by my home here in Boulder, destroy housing nationwide. Climate science tells us that failure to cut emissions in half by 2030 will mean substantially increasing risks to the housing stock and to the mortgage and insurance industries in the years ahead.

Meanwhile, the racial justice movement has made clear that these adverse impacts are not evenly distributed. They're especially pronounced with people of color as a result of systemic inequities and structural racism. Energy security disproportionately affect Black households. The pandemic has proven twice as deadly for Black and Latino people and we know communities of color are more vulnerable to extreme weather and natural disasters.

The Enterprises have at their disposal a cross-cutting solution. While not a silver bullet, their single family green mortgage products, Homestyle Energy and Green Choice can finance home energy and resilience improvements and address these multiple challenges in tandem. Improving affordability, comfort, health, and safety outcomes for underserved households, while reducing climate impacts and non-performance risk at scale.

However, single family green mortgage products have not yet received the attention or support they deserve from FHFA or the Enterprises and adoption remains very low. While their Duty to Serve plans initially set purchased targets at only 500 and 900 green mortgage loans combined, even at that level the Enterprises are falling short. Fannie Mae is now proposing to eliminate these targets this year and next.

We recommend that FHFA enable and support the Enterprises in developing interventions to scale single family green mortgage adoption. With FHFA's leadership, technological solutions, as well as updates to policies and guidelines, can overcome key operational barriers and pain points to drive up adoption.

To that end, today we propose five strategies for your consideration. First, increase visibility to drive demand through automated data. Home energy costs are not accounted for in mortgage underwriting and appraisal processes. As a result, loan officers have no way to identify the borrowers of homes that stand to benefit from green mortgages.

How can we fix this? Nationally standardized data from trusted sources like the Department of Energy, can be leveraged to auto-populate home specific energy cost estimates into the process, enabling loan officers to initiate this conversation with borrowers for the first time. Particularly for homes expected to be more expensive to operate.

One new data field for energy cost estimates could be added to the Uniform Appraisal Dataset redesign for all homes nationwide. DOE and key partners, including RMI, have developed a data tool for this use case and offered this concept to the UAD project leads. But they've not yet engaged to learn more perhaps because links to Duty to Serve and other objectives fall outside of their projects scope. We would welcome direct discussions with FHFA about the potential for this solution.

Second, make adjustments to simplify that process. Lenders and appraisers should not have to be building scientists. For this product to scale, the process must not rely on lenders to calculate or verify the present value of itemized energy technologies. This is not their expertise. Nor can the process rely on a small subset of trained green appraisers to attest to the market's reaction to efficiency features for as completed values, without access to good comps.

How can we fix this? For lenders, a state or regionally specific eligible measures list could be used to streamline eligibility and cost effectiveness determinations, reducing complexity time and cost. For appraisers, the value added by these improvements could be recognized more easily using the cost approach versus the sales comp approach, as is already done for renovation loan products.

Third, expand the single family green MBS initiative to include pathways for existing homes. It was very encouraging to see that Fannie Mae issued its first single family green MBS bonds this summer. While these bonds are backed by energy star certified new construction, not their green mortgage product, it still is an important foundation that must be built upon, so that this market is not accessible only to higher end homes and wealthier families.

How can we fix this? The coalition of home performance experts, including RMI, DOE, EPA, Resonant, USGBC and others, should offer collective guidance to help FHFA and the Enterprises establish a framework, to automate the categorization of different national certification and rating programs, to include both new and existing homes and inform green bond opinions.

Fourth, expand eligible measures to further improve health and safety outcomes. In addition to energy and water efficiency, renewables and resilience improvements, green mortgages should be able to finance electrification upgrades.

They're an increasingly understood and well documented risks to respiratory health from combustion-based appliances and homes, which can increase indoor air pollution to levels that would be illegal outdoors. Replacing combustion appliances with electric alternatives like heat pumps, provide proven indoor air quality and health benefits that have never been more important.

Fifth and finally, develop plans to increase access, in particular within communities of color. FHFA and the Enterprises have an opportunity to improve racial equity and ensure communities of color can access green mortgages as a cross cutting solution.

In addition to leveraging automated data designed to avoid racial biases, this could involve partnering early with lenders that disproportionately serve communities of color. The Enterprises should also work with counseling agencies, community organizations and other stakeholder groups to meet the needs of this disproportionally underserved market segment.

In closing, amid a bare economics outlook, increasing social unrest and racial injustice, an ongoing public health crisis and an accelerating climate crisis, failure to take on these issues will result in significant costs to society, to the housing market and to the solvency of the Enterprises.

Time is of the essence for FHFA to truly unlock the single family green mortgage market, to address these multiple challenges at once, and to shift resources to the households who stand to benefit the most. We urge FHFA to consider these recommendations and we stand by ready and eager to support however possible. Thank you for your time and for all your efforts.

Toi Roberts: Thank you, Mr. Hopkins. Our next speaker is Mr. Robert Sahadi, from Montgomery County Green Bank. Mr. Sahadi, can you press pound two (#2) and turn on your webcam?

Robert Sahadi: Hello?

Moderator: Hi, we can hear you.

Robert Sahadi: Okay. Thank you. Hi, thank you for the opportunity to speak. It's always a pleasure and a disincentive to be one of the later speakers, because many of the remarks that have been made I'm just going to probably double down on. And I'm here representing the Montgomery County Green Bank, where I'm Vice Chairman of the board of directors. This is one of a number of green banks throughout the country.

Green Bank collaboratives is funding generally with credit enhancements to lender partners, to provide residents and businesses better loan rates, terms and credit access for clean energy projects. We try to work within those gaps, that the standard financial system isn't dealing with.

Our concerns, like many of the previous speakers, have been on the impact of energy costs on lower income households. This COVID pandemic. And particularly in our county, we've been very severely hit in areas where there's been large concentrations of multi-family garden apartments and older single family homes. And so, this has become a paramount issue for us.

These problems won't disappear overnight, but concerted action must be taken now. The actions by the enterprise and the multifamily business has been very exemplary, but little action in the single family business.

The Enterprises don't have to do it alone. I think you've heard a lot of speakers today talking about ways that they could be of help here. And they also not only have creative ways to work with others, but they have skin in the game.

A corresponding commitment to a more open business platform accessible by local governments, health entities, utilities and others is also needed. These other organizations have the subsidy dollars, credit enhancements, technical assistance, and access necessary to help homeowners in need. This is not a novel idea to, it's been done in the past with the Enterprises, and the multi-family business continues to have positive examples of partnering with such organizations.

Nature corporations, commercial building owners, retail businesses and schools are installing more efficient equipment with better air filtration, ultraviolet lighting, and other needed measures. Developers of new multifamily market rate housing are considering similar features and home buildings are also seeing increased consumer interests.

The US Environmental Protection Agency recognizes this need to develop guidelines for indoor air quality for both multi and single family housing that needs to be integrated into the mortgage process.

Many middle and higher income residents will be able to finance and begin improvements in their existing homes to make them healthy and more efficient. However, financing of these improvements is many times a barrier for low and moderate income residents. Their indoor air quality can be compromised not only by higher occupancy in a home, but structural factors some of them which as I mentioned, internal combustion heating, window versus central air conditioning, and adequate air flow from older HVAC system, and a lack of air cleaning systems, compound the problem.

The cost to correct these is not great in absolute terms, but may be so relative to the incomes of this population. High efficiency equipment has improved greatly over the last decade and its price will become more affordable. Importantly, the monthly savings from the energy efficiency can in many cases offset the cost when amortized over the life of the equipment.

The green bank and the multi-family space is… we're working with the older multi-family properties, you know, who are having some of these issues. And they lack technical assistance, they lack in understanding of what needs to be done. They don't have access to the needed expertise, and we've tried to bring these things together, as well as provide a credit enhancement or unsecured credit to be able to complete the project.

What can the Enterprises do more in this space? You know, they already are doing quite a bit, but I think there are some things around the edges that could be done. If it hasn't already been done, consider removing the ceiling that has been placed on the stereotype and energy efficiency and health certified properties.

The older properties, although there are programs out there, older properties may not be able to refinance and enjoy these benefits, a second mortgage program is available, but it might not be workable if appraisal requirements don't really recognize the benefits of these improvements.

Another strategy that is gaining a little bit of a foothold in the market is power purchase agreements, which allow for the property to have energy savings improvement paid for by a third party, and the building owner paid monthly to this entity for their utilities.

Through our understanding, this requires a waiver from the Enterprises that some building owners are reluctant to consider. Explicit guidelines to incorporate this financing would be extremely helpful.

The single family area, as has been pointed out, is really a very problematic area. And, you know, we're working in the single family space on energy financing. But, generally, this is unsecured, smaller loans. But we also see the need for larger renovation, particularly as you start to see multi-generational households living in buildings that need to be retrofitted to establish more privacy and maybe remediate other issues.

After years of effort, successful energy related or renovation single family programs, within the Enterprises have been really a failure.

This is due to lender aversion because of the operational complacency, lack of incentives and preoccupation with higher balanced other loan demand.

Appraisal is still an issue. Certainly, the GSEs' Uniform Appraisal Dataset appears to be advancing, but I think that a lot needs to be done to simplify the process. Better ways to accomplish both energy-related and Duty to Serve objectives I think were mentioned by the previous speaker, that there are technologies available, as well as government agencies and NGOs willing to help.

A commitment to enhance the Enterprises' single family business is needed to improve single family housing and revitalized community. I use the word enhance the process, as I'm not suggesting radically changing a system that largely works so well.

What needs to be done is somewhat outside this box. The Enterprises need to consider an alternative delivery system that better utilizes dedicated local lenders, such as community banks, housing authority, CDFIs, credit unions and even green banks. The economic model may need to be different to encourage lender participation and consumer demands, and efficient ways of incorporating local and possible federal subsidies may also be required.

Lastly, I'd like to talk about community outreach. As I said, the Enterprises aren't in this alone, I think as you've heard from all the other, you know, this COVID and all these other economic related issues have hit every zip code in the country. And so, in those many cities, there are people there that are drawing plans to be able to remediate these issues. They'll have subsidy dollars. They will have technical assistance. They'll have many things that will be needed to be successful.

I think what my experience has been in working with a lot of local governments but for one of the Enterprises in the past, is that cities really need some kind of structure to be able to maximize the leverage of those subsidy dollars.

And what the Enterprises do well is provide standardization and to the extent that they could look at ways of creating conduits to move and utilize these dollars and leverage larger financial projects, I think would be a great service.

In summary, the need for 2021 is to build a strategic foundation for these efforts by sponsoring a transformative set of pilots with the above mentioned entities. Ultimately this work can serve to build an open platform that can leverage programs in many cities across the country. We need a coalition of other actors in this space and are ready to support -- I'm sorry, am I out of time?

Toi Roberts: Yes, Mr. Sahadi, I'm sorry. Did you want to close?

Robert Sahadi: Yeah. Okay. We and a coalition of other actors in the space are ready and eager to support the Enterprises in their efforts. Thanks again for the opportunity and giving me the last ten seconds.

Toi Roberts: Thank you, Mr. Sahadi. Introducing our next speaker, Mr. Max Levenstein from Watt Investment Partners. Mr. Levenstein, can you press pound two (#2) on your phone? Mr. Levenstein?

Moderator: Once again, please press pound two (#2). I'm not seeing his hand being raised.

Toi Roberts: Okay. We're going to go ahead and move on to our next speaker, Mr. Peter Lawrence, from Novogradac. Mr. Lawrence, please press pound two (#2) on your phone and turn on your webcam, please.

Moderator: Your line has been unmuted, please go ahead.

Peter Lawrence: Hello, can you hear me?

Toi Roberts: Yes.

Peter Lawrence: Great. Novogradac is an accounting and consulting firm that specializes in affordable housing and other community development tax incentives. We have over 25 offices nationwide and we operate in a number of practice areas, leading to affordable housing, including local tax credit, HUD programs in particular the rental assistance demonstration. We have clients involved in a variety of different sectors of affordable housing from the state housing agencies to affordable housing developers, for profit, non-profit, as well as investors and lenders, and public housing agencies.

I am here to talk primarily about what we would encourage FHFA to consider with regard to Duty to Serve's mandate on Affordable Housing Preservation. I do want to briefly applaud the efforts to date and the changes proposed by Fannie Mae and Freddie Mac on their Affordable Housing Preservation plans, and encourage them to get yet further, given the tremendous needs there are throughout the nation for affordable housing preservation and growing ones.

As I think others have mentioned today, Harvard's Joint Center on Housing Studies has already documented the loss of four million units of affordable rental housing in recent years. And there are many more hundreds of thousands of units that are becoming at risk in the coming years. And Fannie Mae and Freddie Mac could play an increasingly important role in helping preserve those units.

I do want to also just focus most of my remarks, I want to acknowledge that mortgage purchases activity is very important. But I'm going to focus my remarks, given our expertise on the low income housing tax credits and why we strongly urge, as others have today, that FHFA provide Duty to Serve credit for Enterprise Low-Income Housing Tax Credit equity investments, as an addition to mortgage purchases of federally assisted housing.

In most Affordable Housing Preservation transactions, Low-Income Housing Tax Credit equity is a more important source of capital. Debt is also very important, and I don't want to undercut the importance of the Enterprise activity in providing mortgage liquidity. But Low-Income Housing Tax Credit is very, very important and especially for the most impactful projects is where it's even more needed and even more important.

I do want to just give a bit of a background on the Enterprises housing credit equity, both inside and outside of the Duty to Serve mandate. As you know, Fannie Mae and Freddie Mac relatively recently allowed to re-enter the equity market to invest up to $500 million each and of which $300 million could be for a variety of purposes and $200 million is generally reserved for mission-related investments.

And most of that mission-related investments has been for Duty to Serve eligible activities. And that has occurred in mostly in rural America, which is again also very important, but not putting the main focus of this afternoon Listening Session.

I want to encourage FHFA to consider broadening and having -- encouraging and providing Duty to Serve credit for equity investments in Affordable Housing Preservation. And I wanted to address a few issues that have come up in the past regarding this. And that is, you know, would it come at the expense of rural housing credit equity investments? And I would argue that it has not, it would not.

First of all, there's nothing sacrosanct, nothing in the statute that limits the overall amount of enterprise the equity investment to $500 million each. If FHFA is concerned about that being a potential crowding out by allowing equity investments for Affordable Housing Preservation, it could increase the amount, the overall amount going towards, the Enterprises should be able to invest. And it would not seriously disrupt the overall equity market.

The credible estimates of the overall 2019 equity markets are about $18 billion. So while at $1 billion that the Enterprises provide is an important and crucial part, it is by no means nearly as dominant as it was prior to conservatorship, where you had annual investment percentages market shares of 35% to 40% by the Enterprises.

And so I do think, however, on a transaction by transaction basis, allowing the Enterprises to get Duty to Serve credit for Affordable Housing Preservation, if FHFA believes that preserving a particular property with mortgage liquidity is eligible for Duty to Serve credit, we would hope that housing equity could also be credited.

And I just, you know, going forward I also do want to note that COVID-19 to date has not changed equity pricing, meaning equity pricing is a significant fashion. Our equity pricing tracking has indicated about four cents decline from the beginning of the year on average. But we are concerned that that may change as the fallout of the COVID pandemic continues.

So again, I just want to thank FHFA again for having this Duty to Serve Listening Session. I think it is very important to have this transparent and robust engagement from the stakeholder community. I want to urge FHFA to consider providing the Enterprises with Duty to Serve credit for having equity investments and Affordable Housing Preservation. Thank you.

Toi Roberts: Thank you, Mr. Lawrence. I'd like to circle back and see if we can possibly get Mr. Max Levenstein on the line. Max Levenstein from Watt Investment Partners?

Max Levenstein: Yes. Can you hear me?

Toi Roberts: Yes. Go ahead, Mr. Levenstein.

Max Levenstein: Thank you for the time and opportunity to speak. My name is Max Levenstein with Watt Investment Partners. We're a Southern California private for-profit real estate firm focused on housing -- workforce and affordable housing in the State of California.

Moderator: Mr. Levenstein, your audio just cut off. I think he just dropped off the line.

Toi Roberts: Okay. We'll try to give him a minute.

Max Levenstein: Are you able to hear me?

Moderator: Yes, we can hear you.

Max: Oh apologies. I'll back up. Over the last two years, our firm has developed an Affordable Housing Preservation strategy, whereby we identify and acquire existing multifamily properties, which would be considered market rate under all definitions. We then work with local public agencies and nonprofit organizations to legally deed restrict them and convert them to rent restricted and income restricted affordable housing.

Some benefits of this strategy include a significant cost savings related to the acquisition purchase price of these units, which are often as low as 50% of the cost of new development for major markets like Los Angeles, San Francisco, and the Bay area at large.

In addition, we feel that by buying existing properties in areas that are feeling rapid gentrification, we're able to lower the displacement pressures on existing tenant populations and encourage more stability of the neighborhoods that are often feeling displacement via new developments and new populations of workers coming into the area.

Additionally, by investing in these existing structures, which are often 50 to 100 years old in many respects, we're able to extend the useful life of them by investing $30,000 to $50,000 per unit. Not only on interior cosmetic improvements, but improving fire life safety, sustainability elements related to electricity, natural gas, and water efficiency. We have to date acquired nearly 1,000 units under this platform using 100% private capital, with no reliance on public tax dollar funding.

We feel that this is a viable economic solution to increasing the number of affordable housing units throughout California and the rest of the country. We strongly ask that FHFA encourage the agencies to develop lending platforms that allow for acquisition, rehab, future funding dollars and long-term attractive programs that allow for this type of preservation and increase affordability across the United States. And with that, I thank you very much.

Toi Roberts: Thank you, Mr. Levenstein. That concludes presentations from all of our guest speakers. I want to now turn it over to the Fannie Mae team. Speaking from Fannie Mae will be, Mr. Mike Hernandez, Nate Shultz, Crystal Bergemann and Sean Scully.

Crystal Bergemann: Hi, this is Crystal Bergemann. I'll be speaking first for Fannie Mae. And I assume you can hear me.

Toi Roberts: Yes, we can hear you. Thank you.

File Name: Affordable Housing Preservation - FHFH - DTS - Written Transcript

Crystal Bergemann: Great. Okay. So, first of all, I just wanted to be the first to offer my sincere thanks and gratitude for everyone who has joined this call, for the 70 or so people who've stuck around for the three hours. Your comments are incredibly thoughtful and very helpful, and they will be valuable to us, not only in our process to finalize our 2021 extension, but believe it or not, the 2022 to 2024 plan is actually right around the corner. So, we'll be able to use this feedback and these comments as we're beginning our planning process for future plans as well. So, thank you very much for everyone who was able to provide their feedback.

I only have a couple of minutes, because I want to make sure that I give my colleagues in single family the chance to respond as well, so I won't be able to address most of the comments that were made today, but rest assured we are taking it to heart, and we are always happy to discuss in future times as well.

But I just want to make sure that I'm clarifying, there were plenty of comments around the rural 515 program and our work around 515. And I think that we agree with many of the commenters that this is a incredibly important program, and preservation under this program is important and we have impactful work to do. And it remains something that is a priority for us here at Fannie Mae.

With partner constraints and with COVID-19 this year, we have been unable to make the progress that we had hoped, but we continue to make it a strong priority. Which is why we continue to have it in our 2021 plan with the loan purchase target in 2021. And because it's a priority, we did add in additional technical assistance for 2020, because we want to make sure that we're moving the ball forward and we're able to be providing assistance where we can in 2020, even without a loan purchase target in this year. So, we look forward to working with our partners for the rest of this year and into next year. And we look forward to being able to meet our loan purchase targets on the rural 515 effort.

There were some comments also on small multifamily loans. So, our strategy is to direct capital to small multi-family property markets, through relationships with lenders within our desk lender network that have some dedicated small loan operations and focus. And we have a dedicated small loan team here that partners with those lenders.

We found that financing these types of properties with affordability through relationships with existing lenders that have broad national reach, has been the most productive and impactful way for us to do this work thus far. And in 2021, we have an ambitious target. We'd like to increase production of the small loans with our active CDFI partners. So, we're engaging with lenders on this and we're hopeful that we'll be able to show good progress in 2021.

Then I just wanted to also add, there are a couple of comments -- there's a couple of areas like our Green Rewards program and our LIHTC debt programs, where we don't have direct small purchase targets in 2021 where that's been a change from future years. But I want to make sure that I'm reiterating that those areas do remain important to Fannie Mae.

Those are -- we will continue to work in those areas and we will use this year to try to make sure and figure out how can we be the most impactful in those areas going forward. So, I don’t want to take up any more of my time, so I'll pass it off to, I believe Nate Schultz from single family for Fannie Mae.

Nate Schultz: Thanks, Crystal. Can everyone hear me okay?

Toi Roberts: Yes.

Nate Schultz: Okay. I too just wanted to offer my sincere thanks for everyone's feedback today and for the participation and partnership of those on the call. Your feedback, your input, your partnership is crucial to our efforts to serve these markets and to address the challenges that they face. So, we appreciate your input.

And I just want to reiterate that Fannie Mae remains committed to supporting the, and advancing the shared equity homeownership market. And we believe that shared equity home ownership programs are important at providing access to home ownership for low and moderate income families, as well as to, as was alluded to today, responding to COVID-related impacts for homeowners.

We think there are opportunities there to leverage those approaches, as do some of our partners, to provide continued affordability and may -- allow homeowners to remain in their homes. So, we're going to continue to look into those things and we'll appreciate the support and partnership of those on the call and others in the space as we continue to move in those directions.

And we also are encouraged by the comments offered today, regarding our efforts today and as proposed in our 2021 plan, as it relates to industry standardization through the model deed restriction, as well as our efforts to create a shared equity program certification system. And so, we're encouraged that others believe these are also important elements of reducing barriers and providing access to liquidity and consumer choice for the shared equity market. We'll continue to move forward in those endeavors.

Likewise, we're really grateful for the input today as it relates to distressed property and our activities in that sector. We recognize that while this is always an important sector for communities and for neighborhoods and individual homeowners, it's more so today as we look toward a post-COVID world and the response that we all must make to address the unique needs that the pandemic has posed.

And so, we will continue to explore innovative strategies to provide support to homeowners and to provide access to home ownership, and to provide solutions that will help communities stabilize and promote recovery in their neighborhoods and communities following COVID. So, to that end, we appreciate the comments today and really welcome ongoing feedback and dialogue around strategies that can be used to address community needs going forward.

So once again, I just want to say, we appreciate your input. We remain committed to these markets and these conversations are really crucial, not just today but as the ongoing conversations that help inform our work. And so, we appreciate your time, your attention, and your support as we continue to seek the best ways to address these markets. And with that, I'll turn it over to my colleague, Sean Scully to talk about energy.

Moderator: Sean, your line is unmuted, please go ahead.

Sean Skulley: Thank you, Victor. Thank you everyone and thank you for all the comments today, particularly around the single family and energy and water recommendations. That is my area under the Affordable Housing Preservation work for Fannie Mae.

Particularly, you know, there are some great recommendations specific to what we were hoping and planning to do in the 2021 timeframe. So, we do appreciate that. I think that some of the comments are directly in line with really our expectations for what we want to accomplish by the end of this year and then by the end of 2021.

So, I just want to say thank you. I know our time is short here. So, I appreciate those comments and looking forward to continuing to work with the people who have reached out to us and who will continue to reach out to those. As Mr. Sahadi said, you know, there's a lot of work to be done in the local level and the city level, particularly as in response to the pandemic.

We've been trying to unlock that potential this past year in particular, working locally with utilities. And we want to expand that beyond just the energy providers, but also those that are helping in the community around energy and water affordability for homes. Thank you everyone. From there, I'll pass it back to FHFA. Thank you.

Toi Roberts: Thank you Mr. Scully. Now turning it over to the Freddie Mac team, Mr. Mike Dawson, Carol Thompson, Corey Aber, and Simone Beaty. First speaker, please unmute your phone.

Carol Thompson: Thank you, Toi. It's just going to be myself and my teammate, Dennis Smith. I will be closing. I apologize, I believe I was still on mute.

Toi Roberts: Yes, I can hear you.

Carol Thompson: So, I just wanted -- Thank you, thanks, Toi. Thank you everybody for the thoughtful feedback, you know, from all the entities here today regarding the modifications, our research and our 2021 plan. We also thank FHFA as the timing for these Listening Sessions are ideal as we are finalizing the 2021 plan in the next 30 days and starting to draft, develop the next three-year plan.

And we understand that moving forward, we need to stay focused on different ways that we continue to solve for the lack of supply and preservation needs. And for the Freddie Mac team, you know, I just want to reiterate that we are deeply committed to continuing to expand liquidity and close gaps whenever we can in the Affordable Housing Preservation market.

And we focused on this market prior to Duty to Serve regulation being in place and we continue to expand our support from our, going back from our flagship packet of loans released in 2014 to supporting our FFIs and CDFIs with our new executions, and looking to do a lot more of that in the next plan.

So, for multi-family, we saw an increase of 30% in UPB, Unpaid Balance from 2018, which means we're definitely making progress annually. But, also, we want to note that we continue to work and engage with USDA.

The additional strain of COVID has certainly placed on affordable housing across the country -- has just placed an additional strain. And it really only fuels our passion and dedication even more. So similar to our colleagues at Fannie, we tell all of our partners, you know, please do not hesitate to reach out as we continue to collaborate together.

And again, thank you for the opportunity to listen. And now I will turn it over to Dennis Smith.

Dennis Smith: Thank you so much, Carol. I really value the time that all of you have put into today's commentary. The time that you took to thoughtfully provide your transparent thoughts in these challenging times.

Over the last two or three years or the first three years of our Duty to Serve plan cycle, we really have focused on building the foundation to move forward. Thank you for recognizing those efforts of many of those Freddie Mac'ers, and we couldn't have done it without your input that many of you had, including the input that you had today and the input in the future.

We really value what you have to say within the marketplace. It is truly an ecosystem. It's not just Freddie Mac, it's just not the lenders, it's about everyone in that ecosystem to move the Duty to Serve banner forward, to make more homes affordable and to provide additional liquidity to those home buyers and homeowners.

I want to thank you for recognizing that there is that shortage of affordable homes nationwide. It's something that, as Mike spoke about in the opening statement, our economists have focused on. And we're looking at these innovative ways of increasing affordable home ownership stock.

We've really focused our approach in various and creative ways and are going to take to heart some of the comments that you've made, and look at those products that we've brought to the marketplace to see ways that we could improve, not just on those products, but upon the standardization and upon the operational efficiencies for our lenders, for those appraisers and the others in the lending ecosystem.

We're expanding our support for energy efficiency and shared equity to help bring that affordable home ownership and sustainable home ownership in reach for more people.

I'm thankful for the comments on the opportunities zones and how we're including that in our 2021 plan cycle. We appreciate that insight into the opportunity zones, and we look forward to having additional conversations on how to move that forward.

All the progress is exciting and rolling out new and enhanced products, the tools and standardization and the research that we've brought to our market in developing additional solutions. We look forward to continuing to move forward and we look forward at seeing how we can help those customers who were impacted by this pandemic proactively. That way as we come out the other end that we have some solutions for those customers.

I want to thank each and every one of you today for your contribution. And I want to thank FHFA for hosting this Listening Session. With that, we'll turn it back over to FHFA. Thank you.

Moderator: Toi, I think your phone’s on mute.

Toi Roberts: Thank you, Victor. We'd like to thank you all again for joining us today. We appreciate your feedback and we would like to remind you that the public comment period for written comments closes on October 23rd. That's this coming Friday. So, we want to encourage you to visit our Duty to Serve website at www.fhfa.gov/dts, to submit written comments. This now concludes our session today. Thanks again.

Moderator: That concludes our event. Thank you for using Events Services. You may now disconnect.