Jim Gray: So the first market is going to be the affordable housing and preservation market? And our lead off speaker is (Emily Thaden) from the Grounded Solutions Network. And Cheryl Cort will be the content speaker if you (unintelligible).

Emily Thaden: Thank you so much. You know, having the opportunity to go first I just want to welcome both of the GSU presumes that in fact these are the most important priorities for your plan. So I am the director of National Policy in Sector Strategy for Gramdem Solutions Network. We are a national non-profit membership organization. Community land tribes, inclusionary housing, or zoning programs on other shared equity home ownership programs. So shared equity homeownership is a critically important model for creating home ownership opportunities that remain affordable for family after family over resales. And so - and we know that home ownership -- especially when it’s attainable and sustainable -- is vitally important for lower income families to build wealth and experience residential and community stability.

So first I want to thank FHFA for including shared equity home ownership into the final rule and understanding how it’s so critically important to affordable housing preservations. I’d also like to thank Fannie Mae for being a partner to the field and incorporating community land tracts and deed restricted -- deed restrictions -- that terminate upon foreclosure and deduct that underwriter recently. And I also want to thank and extend my gratitude for - to Freddie Mac for meeting with us and lending your support and expertise as we explore how we can scale the field. All that being said I’m here today to say please keep up this partnership and work with us. We believe that it is vitally important that shared equity homeownership is included in the underserved markets plans.

And that the way that it is presented -- both in terms of objectives and activities -- is ambitious. We - the number one thing I hear from our members is -- every week I'm getting a call -- saying I can't find a mortgage lending partner to work with my homebuyers. And that means we can't be delivering these wonderful affordable homeownership opportunities on the ground and really transforming people's lives through these - through building walls. So - so we need your help with this. And so now we're going to get into some nitty gritty details of how I'd like to see that be implemented. So Freddie Mac I think the low hanging fruit is to build into your selling guide's items explicit and clear instructions for how lenders may originate loans to buyers and all types of shared equity programs. For Fannie Mae I would request that you prioritize clearer and more doable procedures for appraising the value of deed restricted properties when restrictions survive foreclosure.

And I also request that you remove from the selling guide prescriptions on the homeowners upon resale which is inadvertently excluding many shared equity programs from being unable to use this product. I understand the intention there was for consumer protections but we need to team how that's being worded if it's excluding too many of our members. So both DSE's I strongly urge you to incorporate all shared equity programs including those with restrictions that survive foreclosure into automated underwriting. We know that lenders do not want to do manual underwriting. There is inadequate incentives and they're afraid of the risks.

So please help us address this and get this into automated underwriting. We also believe that it's important to educate and train lenders. In particular we think that there's a real opportunity. What we see work is to actually get with larger national banks and lending institutions that are working across the country. Please help us get an expert there who's willing to do origination all across the country and hasn't been working to try to get a lender in every single community because these programs are pretty complicated. We also believe that shared depreciation loans hold great promise to scale the field. But we have substantially more research and development to do. And likely piloting in order to really make that - make that proliferate in the field and do it in a responsible way so that it's delivering home ownership opportunities with lastly affordability.

We really, really need your support there. We also request, you know, when we think about shared equity homeownership we're thinking about efficiently preserving and using public dollars. And also ensuring that affordable housing lasts. So that we're not just reinventing the wheel and recreating it over and over. We think that this can be done in the multifamily space as well. And so we hope that both of the GSE's will consider investing in some research into innovative models for doing this kind of preservation work without recapitalization or at least the same cost of recapitalization in the multifamily side such as life cycle underwriting. More research is needed in this space and we hope you will consider doing it. And lastly the final states that the GSE are able to receive credit for share loans and blanket mortgages for cooperative housing. Limited equity cooperatives are an incredibly important piece to the shared equity homeownership field.

They represent hundreds of thousands of units. We hope that both the GSE's will purchase share loans to lower income buyers in the coops and provide financing that will help preserve these coops. We've lost over 100,000 units of limited equity housing cooperatives that we're aware of across the country. And these could have remained limited equity if financing had been available and contingent on their commitment to remain affordable. So these are our key priorities for - for moving forward in the states. And we hope to continue our partnership with both of you. Thank you.

Jim Gray: Thank you. Dante if you would move to the front and see if you're the next speaker and after our next speaker (unintelligible) from the coalition for (unintelligible).

Cheryl Cort: Thank you. My name's Cheryl Cort I'm the policy director for the coalition for (unintelligible) growth. We are a nonprofit -- excuse me -- in the Washington Metropolitan region. We work on making pitch for smart growth, how to build lots of transit accessible inclusive communities in the Washington DC region with a lot -- typically in the District of Columbia -- concerning Jurisdictions. As a part of our work -- especially in DC -- we like the campaign that created the DC affordable -- inclusionary zoning program -- in the early 2000s and actually recently revised that program to win greater levels of affordability. With that program we actually established the first permanently affordable program that kind of sells ownership and rentals. From ownership actually the standard ways -- life of the building indicates an inclusionary zoning -- and then went on to also win a public land acquisitioned lot that also establishes some affordability for any public land position.

If the position has residential but also applicably 20 or 30% affordable back into the affordable levels. And the first thing we could have pursued long-term affordability is a part of that. And really making the case for long term affordability and that's sort of what I wanted to sort of speak to here. Is really making that case for - for home ownership programs, to look at how to better support homeowner affordability as the best and most efficient and most effective way to preserve affordable housing. And in our - our investment in limited dollars in affordability to hexagon and allow successive generations of home buyers to have the opportunity to become home owners because they got those that were providing the assistance that they need in order to become home owners.

So the policy goal around that would be to create preference around plan affordability homeownership programs. And to streamline the financing. When DC's inclusionary zoning program kicked off it definitely struggled with financing and finding lenders for permanently affordable home ownership units as a part of that program. And that - that has increased but can definitely continue to be improved.

And as we make this case for why we should really be looking at program affordability we - we sort of see three main assets that lead us towards this in terms of how to create a successful policy. One is the shared equity resale formula. We wanted both to provide equity to the owner and the seller and affordability to the buyer. And so looking at programs that are balancing those two very legitimate goals and those - and balancing those goals we - the market conditions -- the strong or weak market -- are critical to how we're going to be able to do that. Whether the goal of the program works with the resources that we have there for that program.

And secondly the length of affordability form is still very much a debative question. So really in the District of Columbia and throughout some other parts of the country. When we have - when you're working with strong home ownership markets where (unintelligible) is very hard for homeowners to get into the market. It's a lot more expensive for balancing that goal of providing assistance to those balancing that goal of providing assistance to those who have become a part of (unintelligible) with the goal of preserving that investment. So they're not only preserving the subsidy but also preserving opportunities to live in - to purchase in a neighborhood that may be in the premiere future, will be completely out of reach for moderate and low-income home buyers.

And thirdly, I really appreciate the mention of stewardship as a part of this discussion because the stewardship of these units is critical and needs to be recognized as part of the investment that we're making in a successful program.

So supporting the resources that are necessary in order to do appropriate stewardship in terms of money and mechanisms and supporting the non-profit or the entity that is administering a community land trust or doing a deed restricted program.

Those are sort of the key points that I wanted to make. We actually convened a roundtable - a sort of policy expert roundtable of practitioners and expert's roundtable last September because we thought there hadn't been enough discussion in the D.C. area on these issues.

And while there's actually a pretty robust literature on home ownership (unintelligible) co-ops and different kinds of home ownership models, there's still a lot of debate over the sort of (unintelligible) of that.

It's sort of like how do we both provide wealth building opportunities to the first home buyer while also providing resources and assistance to the second home buyer who's second in line.

And then also on the rental side we actually - there's almost no literature on looking at lasting investments and long-term (unintelligible) availability on the micro side.

And so we actually developed a really good discussion on that which is something else we'd encourage you to look into. So those are my comments. Thank you.

Jim Gray: Thank you. Robert Finn if you'd come to the on deck. Our next speaker is (Robert Sahadi) from the Rocky Mountain Institute.

Bob Sahadi: Hi. My name is (Bob Sahadi). I'm representing the Rocky Mountain Institute which is an independent, non-partisan, internationally recognized driver of energy efficiency and restorative use of resources.

Our approach is to focus on unlocking market based solutions that increase the flow of capital and enable investments and a cleaner, more prosperous, and secure low-carbon future. So this transformation is important to first, identify the barriers.

We've been involved in energy efficiency for over 35 years, working with major industry players, builders, and modelers, etcetera. We appreciate the opportunity to speak to the FHA - FHFA and the Enterprises.

We view this is a critical element to achieve a cleaner, less carbon future and to create more affordable and sustainable opportunities for America's homeowners.

Our request is that the Enterprises fully consider the risk and value from ongoing energy consumption and the affordable housing underwriting process in order to increase access to home energy financing. And to increase risk assessment and generate best practices for under-served markets. We also request that you consider credit for a potential subordinate lending product.

Our request is brought to us by significant research that demonstrates energy efficiency improvement that significantly reduces the risk of foreclosure. We request that the Enterprises replicate and extend those studies.

Significant underwriting obstacles exist to fully consider home energy performance. We request that the new high performance appraisal guiltiness, recently adopted by the congressionally chartered Appraisal Foundation be incorporated into the Enterprise's appraisal guidelines.

Furthermore, energy efficiency data should be included in the uniform appraisal data set to facilitate appraiser's evaluations and provide ongoing data for research.

The modest upfront cost of energy efficiency in a home is sometimes beyond the capacity of low and moderate income borrowers. And we ask that the Enterprises consider netting those monthly utility savings so as not to impair the consumer's debt-to-income ratio.

A significant obstacle to the adoption of energy efficiency has been that it typically falls outside of the automated underwriting process. We request that the Enterprise create consistent, automated, national home energy standards that work for new and existing homes.

And a large number of market players are currently committed to the process. I think you know, we had the mortgage crisis I guess, it's eight or nine years ago. And you know the Enterprises were obviously working on things more important than energy efficiency at the time.

But a lot has happened in the industry. A lot of groups are working on this. There's a lot of foundational elements that I think the Enterprises could use their sort of bully pulpit and standardization techniques to really bring together.

The need - I think the need is obvious. Low income consumers pay higher utility costs for a number of reasons. Just utility costs are the same if you're wealthy or if you're less wealthy.

And so, you know, just off the bat you have a higher percentage of your monthly income devoted to utilities.

And then secondarily, you're buying the older homes that are less efficient. And they have the furnace that's going to blow in a year or two.

So although there's been strides made, we really need to work on getting this built into the affordable housing space. And I guess this is what Duty to Serve, is all about.

So you know to get a little more tactical, we recommend that some of these studies look like - be looked at. I think you know people think, well this is just advocacy but, do you have the data? And data has always been used as a barrier. Well show me the data and I'll tell you what I can do.

Well, the data is there. Most importantly there was a University of North Carolina study done a few years ago that showed that energy efficient homes, buyers in those homes foreclosed 32% less than buyers of less efficient homes. It was a very scientific study reviewed by a lot of very prominent housing economists.

I think the Enterprises have a wealth of data that they could exploit. Particularly, you've gone through a whole eight or nine years of loan modifications where you actually looked at a monthly budget of those consumers.

You can go in and say geez, was energy efficiency; their utility costs a barrier once we stripped out those discretionary things like your Starbucks habit or your DirecTV costs. But you know it's pretty hard to turn the heat down in the winter or to sweat the death in the summer.

So, were those utility costs a big component of the stress on those mortgage borrowers?

And then as I mentioned, there's a lot of players in this field now. And they're out there collecting data. The Appraisal Institute, the Appraisal Foundation, the realtors have a green multiple listing service. There's a number of people like RES.NET or USGBC or even the Department of Energy that have rating systems; that have tens of thousands of observations.

These systems need to be sort of put together on a uniform platform and that data translated into something that's understandable by not only automated underwriting but, by underwriters themselves.

So I think this is a role that the Enterprises could play is really sponsoring some independent, third party platform that brings that information into the underwriting process.

And then I think a lot of work needs to be done working with consumer groups. There's been a lot of programs across the country with utilities, with state and local energy offices, with non-profits. This is an opportunity for the Enterprises, as part of their under-served plan, to go out and maybe run some pilots. Maybe strengthen the effort of some of those more attractive programs and see if we could get to scale.

And you know I mentioned other subordinate products. And I think when you get to those state and local programs you're going to see that there has been some success with on-bill repayment. I think the Enterprises could get there and really bring down the cost of that and utilize the utilities to do some kind of credit enhancement through unsecured local programs.

And then of course I know PACE is a four-letter word in this audience, and I'm not suggesting that the Enterprises adopt PACE in a first mortgage position. But you know, PACE in a second mortgage position with some kind of consumer-centric safeguards and with very tight, you know, underwriting guidelines, could be an effective second product - second mortgage product.

And I think it really - it a buttresses the efforts of those local organizations that are trying to make that work. And substitutes the better credit standing of the agencies versus state and local government bonding authorities.

It's an exciting time in the housing industry as you know, there's been a lot of technical improvement, consumer awareness; organizations getting on board. And we think this the optimal time for the agencies to consider this critical factor and how it plays out into the sustainability of homeowners going forward in their homes.

So lastly, we recommend that the Enterprises conduct loan performance research to better understand the opportunity. Build a roadmap with market stakeholders. Standardize data collection and create an industry platform. Work with the lending industry to incorporate energy performance in the origination process and to streamline that process for lenders.

And then to engage in a proactive outreach to increase consumer awareness in advance. Thank you very much.

Jim Gray: Thank you. (Unintelligible) on deck. Our next speaker is Robert Finn from the National Community Stabilization Trust.

Robert Finn: Good morning. Thank you for the opportunity to speak to you today. My name is Rob Finn, I do policy work for NCST here in our D.C. headquarters.

NCST is a national non-profit organization dedicated to supporting healthy neighborhoods, fighting blight, and keeping homeowners in their homes wherever possible.

We restore vacant and abandoned properties through partnerships with hundreds of local, non-profit organizations and mission-driven groups on the ground in various different MSAs.

We have community development managers located throughout the country, stationed in their fields. We have offices in Minneapolis and Dallas. Our Policy office is here in D.C. I work directly with our Executive Vice President, Julia Gordon.

NCST was established in 2008 by several leading affordable housing intermediaries. And it has facilitated the acquisition of more than 23,000 properties by local organizations committed to neighborhood stabilization, affordable housing, and community development.

NCST also has its own portfolio of highly distressed loans. So we actually work with a servicer to deal with those loans, work out mortgage modifications; handle the nitty-gritty on the ground work that goes into dealing with these properties. So this is what we do.

NCST commends the FHFA for expanding the originally proposed affordable housing preservation regulatory activity to include neighborhood stabilization efforts.

By including in their under-served market plans these programs and products that support the purchase and rehab of distressed properties, address foreclosure and abandonment prevention, and enable income qualifying homeowners, as well as non-profits to retain rehab and acquisition financing, Fannie Mae and Freddie Mac will have an enormous impact addressing blight, and strengthening communities.

Including these important neighborhood stabilization programs as regulatory activities demonstrates that FHFA is listening to organizations that work in distressed neighborhoods. And that FHFA understands how vital neighborhood stabilization is to the health of our communities, our housing market, and here as mandate to support preservation of affordable housing.

The neighborhood stabilization regulatory activity is also important because it recognizes the importance of single-family housing, both owned and rented in lower income communities.

Indeed, the single-family neighborhood stabilization and shared equity products listed under the regulatory activities for affordable housing preservation are the only two regulatory activities that focus specifically on the single-family market.

Although FHFA chose now to award Duty to Serve credit for disposition and for NSI outcomes, NSI -- the Neighborhood Stabilization Initiative -- is a useful program. We work directly with FHFA on the NSI program to try and facilitate the transfer of these distressed properties to local community organizations.

So we know that this program works and we urge both Fannie Mae and Freddie Mac to look at NSI and try and see some of the lessons that we learned like how to make NSI work in trying to figure out how to include the neighborhood stabilization efforts in their distressed markets plan.

Before talking specifically about what products and activities we think the GSE should include, I'd like to talk more about the importance of neighborhood stabilization and some of what we see on the ground.

As everyone in this room knows, the recovery of the U.S. housing market is extremely uneven. Some areas have rebounded significantly since the Great Recession but, other areas, especially communities of color, lower income areas, and cities where economic activity remains depressed continue to grapple with high rates of vacancy, abandon the distressed properties, and the problems they bring to neighborhoods.

Weakening nearby home values, creating health and safety risks, reducing local tax revenues, and contributing to neighborhood blight.

There are still approximately 1.3 million vacant residential homes in America. And many feel that's an underestimation. And the quantitative cost of abandonment, according to recent studies surrounding neighborhoods are $170,000 per vacant or abandoned property.

In economically vibrant areas with strong housing demand and low inventories, vacancies occur relatively rarely. And paths exist to bring properties to foreclosure, sale, and then pack to productive use and new ownership.

Ironically, while weaker market geographies are often the most affordable to aspiring home owners or landlords, and often have large stocks of single-family homes, accessing credit in these areas can be difficult.

These markets suffer from a systemic valuation gap which in this context describes the situation in which the cost to acquire and rehabilitate homes for safe and healthy occupancy exceeds the fair market value of the home.

Consequently, neither non-profits that engage in acquisition and rehab, nor even private developers working to flip homes in these areas find it feasible to purchase these homes.

If legitimate developers can't acquire and rehab these properties, they will either remain vacant, contributing to blight and further falling into disrepair, or they'll be purchased by investors who sit on the property without making improvements with a plan to resell if and when property values rise.

In many instances the shortage of rental properties in general and the acute shortage of affordable rental properties in particular, allows these investors to rent these properties without any market pressure to repair the property. And investors are able to charge rents far in excess of costs associated with acquiring and maintaining these properties, often in substandard conditions, still commanding market rents.

In some instances owners of distressed properties pass off their responsibility to maintain rental units on to tenants under the guise of predatory products like rent-to-own schemes or land installment contracts.

Unscrupulous investors are aided by the proliferation of online auction sales which enable people around the globe to source low value properties for pennies on the dollar or less.

A get-rich-quick cottage industry has grown up around this activity, much like it did around flipping homes during the housing bubble of the 90s and early 2000s.

Consultants hold hotel room seminars to train potential investors with little experience in housing or lending on how to make money off of vacant homes or delinquent mortgages.

Indeed, even when homes could be rehabbed and possibly resold, the insatiable appetite from the investor community for these homes means that local non-profits face stiff competition for any property that becomes available.

The number one thing NCST hears from its community buyer partners is that investor purchases remain one of their single biggest obstacles in stabilizing neighborhoods and fighting neighborhood blight. Especially since so many of these investors never end up repairing these homes.

So that’s (unintelligible) Enterprises under certain market (unintelligible). Many housing programs are struggling due to the expiration of the HUD Neighborhood Stabilization Program several years ago.

Without the direct public subsidy to fill the valuation gap, these organizations need innovative financing programs to help them get the job done.

Acquisition and renovation financing products specifically designed for an exclusively available to non-profits, municipalities, and local mission-driven developers will provide them the long-absent access to credit needed to compete with non-local private equity investors.

These local mission-driven developers can perform renovations on homes in disrepair and turn vacant properties into safe, affordable homes available specifically to qualifying, first-time low and moderate income housing consumers.

Enabling local organizations to acquire and renovate these properties frees buyers from bearing the burden of being their own general contractor. And better positions new buyers to succeed as homeowners.

Especially in more distressed neighborhoods where there are many first0time home buyers and hardworking families with little extra time or resources for managing contractors, and where the rehab needs are often considerable, the more efficient and effective path is for an intermediary like a non-profit to complete rehab prior to sale to a new owner-occupant.

Turning that to affordable rental preservation, the vast majority of the Enterprises affordable housing preservation focus has been on multifamily apartments.

However, according to a recent Urban Institute Report, 57% of renters across the country are actually in single-family rentals, which is considered one to four family units.

Only 43% by comparison of all renters nationwide in occupied rental housing are in multifamily apartment buildings.

As discussed earlier, the predatory single-family rental program is fueled in part by the ready availability of large amounts of equity capital to non-local investors with whom these non-profits just cannot compete.

To enable non-profits to acquire and rehab these single-family rental properties, Fannie and Freddie should create a financing vehicle aimed specifically at this community of mission-driven developers, non-profits, and municipalities. Thank you.

Jim Gray: Okay, Bryan Howard. If Bryan Howard could please come forward so you're on deck to speak. Our next speaker is Ellen Lurie Hoffman of the National Housing Trust.

Ellen Lurie Hoffman: Thank you. Thank you for this opportunity to provide comments to FHFA and Fannie Mae and Freddie Mac on the underserved market trend.

The National Housing Trust is a national non-profit organization. We are dedicated to preserving and improving affordable rental housing, ensuring that privately owned rental housing remains in our affordable housing stock and is sustainable over time.

We use the tools of real estate development, rehabilitation, finance, and policy engagement. And we've been responsible for saving more than 25,000 affordable homes in 41 states, and leveraging more than $1 billion in financing.

First I just want to thank FHFA for some modifications in the Duty to Serve Rule. We submitted lengthy comments and we were happy to see some of the changes to enhance investments in affordable housing preservation and in energy efficiency improvements within existing multifamily rental properties.

And I'm just going to touch on a few different points that we want to make to Fannie and Freddie as they prepare their underserved market plans.

First it has to do with the Low Income Housing Tax Credit Program. We were pleased that the Duty to Service final rule allows the Enterprises to make housing credit equity investments in rural areas and receive Duty to Serve credit for these investments.

We want to encourage an Enterprise, if it does choose to resume these investments, to invest in developments that preserve federally assisted housing in rural areas, especially properties with expiring subsidies or those in need of refinancing.

Based on past periods with less liquidity in the markets, these are the projects that are likely to have less investor demand than others. So, we hope to see that.

I have been given approval to take one minute to talk about residential economic diversity activities, even though I know that's supposed to be at the end of the day. But we see it was fitting within the whole affordable housing preservation.

We were pleased the Duty to Serve final rule allows the Enterprises to receive extra credit for preserving existing subsidized affordable housing in high opportunity areas.

We disagreed with the final rule's primary definition of an area designated by HUD as a difficult to develop area; being considered a high opportunity area. But we were pleased that the definition also allows the Enterprises to utilize state or local definitions of high opportunity areas from a geographically applicable, low-income tax credit qualified application plan.

The National Housing Trust studies housing credit investments by state and local housing agencies across the country. And we have observed that states are adopting a wide range of definitions for high opportunity.

High opportunity can mean a lot of different things. It can mean access to good schools, healthcare, jobs, transit; a variety of other factors.

The definition that the state chooses to use for high opportunity is likely to change over time as conditions shift in communities. A local definition of opportunity we think, is preferable to a one size fits all national standard.

We have done a working paper - or my colleagues look at the qualified allocation plans in every state every single year. And we have a database with that information available on it.

We've done a working paper in examining incentives that state housing finance agencies of HFAs are using in their qualified allocation plans to develop affordable housing in areas of opportunity. I have copies of that which I'm happy to share with you.

We support the decision to include state and local definitions and high opportunity areas in the Duty to Serve evaluation guidance which will be subject to public input, which parallels the process that each state HFA uses in designing this qualified allocation plan each year which takes into consideration public comments gathered through a public participation process.

So we support that and we think that's the most - that that is a process that makes sense for developing these definitions.

We are also pleased that the Enterprises can modify their definitions of high opportunity within their underserved market plans over time, as states and localities continue to refine their definitions and expand the use of tools around stakeholders to clearly identify those areas.

I now want to shift to a couple of recommendations that we have. We as I mentioned, do lending. We have a CDFI that's part of our organization. And so I'm bringing forward a few recommendations for - specifically for lending to enhance affordable housing preservation and energy efficiency improvement.

To support affordable housing preservation within the underserved market plans, the National Housing Trust recommends that the Enterprises provide a letter of credit to a lender to guarantee up to 95% of the loan to value ratio of a loan for the acquisition and/or the rehabilitation of an affordable housing property.

This letter of credit could be tied directly to the mortgage on the property. Again, I have a fact sheet which I'm happy to share with you, with more details.

And secondly, related to loans to support energy or water improvements on multifamily properties, we were really pleased with the Duty to Serve Rule recognizes that energy costs are the largest controllable variable operating cost for multifamily housing.

To help address this issue for affordable housing owners, Community Development Finance Institute lenders are creating financing products that allow property owners to implement energy and water efficiency measures by providing loans that take the projected energy savings into account.

But right now there are few obstacles to providing this product behind a current Enterprise loan. We encourage the Enterprises to take steps to eliminate these hurdles within their underserved market plans.

First we urge Fannie and Freddie to allow a second lien behind their mortgages.

Second, we recommend that the Enterprises standardize an inter-creditor agreement for subordinate energy efficiency loans behind their mortgages.

And finally, we advise Fannie Mae and Freddie Mac to ensure that the debt payments on the CDFI efficiency loan are excluded from hard debt service coverage covenants. And again, I have more details in writing which I'm happy to share.

That's it. Thank you for this opportunity.

Jim Gray: Thank you. (Robert Burns), you're on deck. Our next speaker is Bryan Howard from the U.S. Green Building Council.

Bryan Howard: Thank you for this opportunity to be here today. As (Greg) mentioned my name is Bryan Howard. I work on behalf of the U.S. Green Building Council, which is a national nonprofit organization advancing sustainability within the build environment.

Just as a context we are primarily best known for the LEED rating system - increase, develop and support. To date we have done residential, commercial and multifamily properties in all states across the country.

We certify approximately 2.2 million square feet of real estate every day, and in terms of our capacity in the affordable markets approximately 35% of our residential property have an affordable (unintelligible) so we're very pleased about the work that we do – housing industry and want to continue to support our work in the affordable housing markets as well as the regional family market – or pardon me, the market rate as well.

But we are of course pleased to be here to talk about the final rule of implementation of Duty to Serve and including the adoption of many of the drone recommendations that USGBC and others in the efficiency world had submitted as part of our public comments, and we look forward to working with FHA and the enterprises as they complete compliance plans to implement the Duty to Serve rule.

We do support FHFA proposal to the – or to give the enterprise the Duty to Serve credit for financing and (AGM) water improvement as a pathway to portable housing.

USGBC also supports the use of LEED and green building rating system as a means of demonstrating compliance with these rules. As was mentioned previously but will be reaffirmed here, studies confirm that housing to low and moderate income families both single family and multifamily rentals need repairs and improvements that – and they're consisting of BLRC and sustainably improve energy efficiency and water efficiency to reduce utility expenses.

For most low and moderate-income families even modest reductions in utility expenses can be meaningful in household budgets. Further, improving efficiency of homes and multifamily buildings can – or can often deliver additional value to residential – or to residents beyond the reutility expenses in the form of improved housing conditions.

For example a Washington, DC study of green certified low-income housing renovations identified significant health benefits to residents. As was mentioned before obviously utility costs are one of the more significant impacts as it relates to housing, but additional health impacts that is - are highly susceptible to low-income communities can also have significant costs.

As the enterprises are beginning to work on their implementation plans we recommend the following focus: expand green building program use in the single family house or in the single family markets, outreach to technical solutions and financial institutions to ensure market utilization and researching areas of efficiency to enhance lending products.

We - as I mentioned already we do support FHFA's decision to give bidding Duty to Serve credit to financing in energy and water efficiency improvements as a pathway to preserve housing.

As the final rule acknowledges third party certification is a proven strategy to verify with a high degree of certainty that reliable – the reliability and value of efficiency in a building and to communicate that value to the market.

As the purveyor of LEED identified in the final rules of qualified available tooling enterprises to fulfill these obligations, we hope to be a resource to the enterprises to implement their respective schemes.

As I've mentioned already we continue to serve, you know, a very diverse marketplace in a number of states and localities in the single family/multifamily existing new and community scale redevelopment, so we do have a wealth of experience from either our project work that we've done or with the developers that we've partnered with in this certification issue, so we do look forward to a robust dialog about how to help them and be a partner in that process.

We do appreciate the past collaboration on a number of the sustainability matters hit by the multifamily team at the enterprises in – at both Fannie Mae and Freddie Mac to more engagement, and a commitment to a working solution through the industry partnerships will once again I think be a very – undoubtably (sic) yield positive results.

As we're looking to develop tools – as (unintelligible) look to develop tools to help work on the compliance plans, we do believe that Fannie Mae's multifamily green financing products and the suite of lending products that they've developed offer an excellent blueprint for single family lending products in both the enterprise market.

We also do believe that there is a lot of work to do in the lending industry and our experience suggests that lenders are not widely accustomed to considering utility expenses and possible improvements to – and possibilities to improve those expenses.

Outreach to lenders is frankly going to be very critical to the implementation of the enterprises' implementation plan, and financing through the Duty to Serve can be both (unintelligible).

As was mentioned already by Rocky Mountain Institute we do think some initial steps to asking or having the enterprise ask lenders to collect information if it's available on energy and water status of a property for enterprise loans would be very helpful.

The enterprises may find many conventional loans with properties that have existing HRS reports, home energy scores, ENERGY STAR ratings programs such as (unintelligible) certification all of which can provide/keep certain levels of efficiency.

The simple data collection process can be meaningful as a step towards improving the enterprise efficiency – or pardon me, improving the ability to assess efficiency financing and familiarizing lenders with the efficiency financing opportunities.

The enterprises should also to the degree possible work with the lenders in the industry to ensure that there's sufficient tools to identify properties that are good candidates for efficiency financing, and to determine eligibility and qualifications without additional or unnecessary burdens and complications.

As has been mentioned before by previous speakers we do recognize that there are some insufficient tools and resources as it stands currently to help lenders make some of these valuation judgments, and to the degree that we can partner with the enterprises and with FHFA in terms of being able to work on that outreach that would be incredibly valuable.

Further, I think that if we can also work on that outreach together that, you know, we can implore that the enterprises should also considerate (sic) or consider incorporating energy and water efficiency improvements into the conventional loan process so that utility savings and other assets become a feature of the lender's routine customer interaction.

I think with that also has a broad opportunity – able to scale these solutions outside of just the affordable and underserved markets but would also be able to…

…familiarize or familiarization of such opportunities in the broader commercial lending – or pardon me, the broader lending market. With regards to research in areas of efficiency to enhance existing or lending products, I think I would just simply say that we agree that the research is necessary in those issues and we would recognize and support some of the comments from Rocky Mountain Institute in terms of areas of focus that would be valuable in terms of enhancing the efficiency and efficacy of existing loan products (unintelligible) it with the return on investment of those products might be. I appreciate the time and thank you for the opportunity to present comments.

Jim Gray: Thank you. Jennifer Minnick could you please come to the front please? Our next speaker is Robert Burns with City First.

Robert Burns: Good morning. My name is Robert Burns. I'm the Executive Director at City First Enterprises and City First Homes, which is your local shared equity providers here in Washington, DC.

I also had the privilege of serving as the Board Chair for Grounded Solutions Network who Emily Thaden ably represented earlier. I want to speak about and offer thanks for shared equity homeownership included in the final Duty to Serve rule, and also thank FHFA, Fannie and Freddie for this opportunity to offer comments today.

The community land trust, deed restricted housing programs and shared appreciation loan programs are designed to deliver shared equity solutions, and across the country many of these programs have faced difficulty increasing mortgage access for the consumers, particularly for lower income buyers in the program.

And I want to emphasize that the idea behind these programs is really around permanent affordability, which in this market in DC where we see rapidly escalating prices on a continuing basis and in markets across the country is incredibly important; also in rural areas where many of our land trust and shared equity providers work.

So our asks are across the board and what - we emphasize some of the areas that Emily touched upon earlier. We want to continue seeing the selling guide and guidelines to be built out to be clearer and more user friendly to lenders who originate these types of loans and have confidence that loans are in compliance.

We applaud the efforts that have already been going on on changes to the selling guide. We also in particular ask that both GSCs provide concrete, clear guidelines on how to originate mortgages on homes with deed restrictions, especially providing foreclosure, which you will find in many of the deed restricted programs.

We also urge Freddie Mac to continue offering concrete guidance on how to originate loans for buyers of homes in community land trusts specifically related to shared equity.

We also want to support and offer encouragement on the development of shared appreciation loans aimed at keeping properties affordable over resales and enable a secondary market for those loans.

Secondly, we want to create more incentives and minimize rep and warranties for lenders to originate these loans. Lenders often report that these loans are time consuming, small amounts and may yield little financial returns.

We certainly would like to work with that and we at City First have encountered this issue locally when trying to find lenders on our portfolio of homeowners.

And when you start developing the relationships with an odd lender on the ground, which is fairly common, if you lose that market manager to some other lender locally you then have to reeducate that consumer but I think there are ways to also approach that.

We also want to educate and train lenders, in particular promote large national institutions to develop experts, which Emily had emphasized earlier, who could work with lending and shared equity programs across the country, and certainly Grounded Solutions as a national organization with members across the country could be beneficial in helping to do that.

And lastly, one of the largest areas that we find at City First that we work with here in Washington, DC are limited equity cooperatives and cooperatives on the ground.

Surprisingly many in the room may not be familiar that DC is the second largest market for cooperatives in the country outside of New York City, and those are found not only in DC but in Arlington County, Montgomery County, Prince George's County and adjacent jurisdictions.

And one of the areas that we have found in preserving affordability here locally is working with those cooperatives particularly to make them become limited equity cooperatives under a very progressive law here in DC.

The Tenant Opportunity to Purchase Act has afforded many individuals the ability to stay in their homes and stay in neighborhoods that now have rapidly become unaffordable here in DC.

We'd like to see through the efforts that there are greater share loans and blanket mortgages for cooperatives provided that would serve lower income households.

There's a tremendous need among lower income buyers to access financing for share loans, and we're seeing an increasing interest in DC around the idea of cooperatives.

And I theorize that some of this is because we as a nation have become used to a sharing economy, so the idea of cooperative housing has really reached a point at which it's catching on in many places around the country and you're seeing renewed interest.

So there is a tremendous need for this and there really is a lot of entities that are providing these types of share loans and we certainly would like to see an increase in that.

I also just wanted to reemphasize something that's in the (unintelligible) all of these programs and which we hold as an ideal here at City First but across the shared equity sector and which is this idea of stewardship, which is that the sale doesn't just stop when you close with a prospective homeowner or low-income buyer/a first-time homebuyer.

It really continues after that because if they have an issue they call us. If they have a need or are looking for help they call us. We work with cooperatives on the ground level to make sure that their governing boards, their financials, the other things that are taking to be sustainable for those organizations are important.

Supporting the stewardship through this effort is absolutely vital as well. We can certainly work hand in hand with the lenders to make sure that working with these homeowners is beneficial for all parties.

So I really thank you for this opportunity and certainly welcome this opportunity and also those in the room. Thank you.

Jim Gray: Thank you. Heather Voorman you're in the next space please, and our next speaker is Jennifer Minnick from Habitat for Humanity of Frederick County.

Jennifer Minnick: Hello my name's Jennifer Minnick. I'm the Director of Housing for Habitat for Humanity of Frederick County, Maryland and I've been their Director of the Community Land Trust program, a shared equity homeownership program, since we rolled it out in 2013.

The State of Maryland in 2010 created an Affordable Housing Land Trust Act and we were the first to create a land trust after that. There are very few in the State of Maryland but it's quickly gaining momentum to create affordable housing land trusts within the State of Maryland.

And from the very beginning our biggest hurdle has been finding loans for our homebuyers to use to buy these homes. We actually owned homes and we had no ability to sell them to buyers because we didn't have any lenders working with us.

So as these new land trusts are rolling out in Maryland they're going to have the same problem we've had, as well as Habitat International is working with Grounded Solutions to educate and share how to create these land trusts nationally/internationally.

So you're going to be looking at a lot more entities and affiliates/nonprofits looking to use this model and needing lenders to provide loans. We are very excited that there's going to be a lot more people using these types of housing models.

Again it's gaining momentum due to the fact that a one-time investment creates permanent, affordable homes and Habitat International is very much looking at using this model because of that, because when we build our construction loan homes, although they remain affordable for a period of time then they go to market rate after a certain number of years so all of our donor dollars are then lost.

So I do want to thank (Imprezas) for including shared equity homeownership into the DS rules under Affordable Housing Preservation. We are excited about that.

Just wanted to discuss some of the problems where - we have been having. So as community land trust and deed restricted housing programs and shared appreciation loan programs when designed to deliver shared equity homeownership, we have certainly faced major challenges with assessing mortgage financing for lower income buyers within these programs.

And we are strongly urging the GSCs to build out their selling guide or guidelines to be clearer and more user friendly for lenders to originate these loans and have confidence that the loans are in compliance.

Grounded Solutions Network as Emily and Robert mentioned has submitted a whitepaper both to GSCs at a start – at the start of 2015 analyzing the problems and recommended changes to the selling guide for three shared equity homeownership models, and we hope you will use this for activities you include in your underserved market plans.

We also urge Freddie Mac to provide concrete guidance on how to originate loans to buyers of homes in community land trusts, as well as to create more incentives to – or minimize reps and warranties for lenders to originate these loans.

Lenders report that these loans are time consuming, small amounts and yield little financial returns and most require these reps and warranties. These are problems that both the GSCs can solve through permitting incentives, lessening burdens and automating underwriting.

This is pretty much one of our biggest struggles and again locally we’re just limited to so few loans that we’re not really able to grow. And one more thing is to educate and train lenders so that – and to promote larger national lending institutions to establish lending experts to work with shared equity homebuyers.

The few lenders that we do work with – you pretty much get one loan officer that learns how to work with you, and when they leave you're completely starting over because no one else in their lending institute know how to lend out those loans.

So, you know, when you get a small pocket of people that really know how to do this it's extremely helpful and it goes really smoothly. Thank you for your time.

Jim Gray: Thank you. Sunia Zaterman if you would please come to the front seat. Our next speaker is Heather Voorman from the National Association of Local Housing Finance Agencies.

Heather Voorman: Hi. My name is Heather Voorman and I am the Policy Director for the National Association of Local Housing Finance Agencies or NALHFA. Founded 35 years ago NALHFA is a national association of professionals working to finance affordable housing in the broader community development context at the local level.

Our members from across the United States are committed to preserving, enhancing and improving the delivery and effectiveness of affordable housing.

We are very excited to share some of our ideas with the enterprises about how best to finance affordable housing in underserved areas. We hear from our members every day about the lack of affordable housing stock, so my comments today are going to focus on the importance of finding creative ways to increase affordable housing stocks and protecting tenants and homeowners so that they can stay in their housing in the long-term.

While I understand that manufactured housing is coming up later today, I am going to touch on that just briefly because I feel that manufactured housing communities are very much a component in preserving affordable housing, and we're excited that there's going to be more of a focus on this market.

Eighteen million Americans live in manufactured housing and according to the FHFA, 80% of the new manufactured homes were financed with chattel loans in 2015.

So manufactured is an important housing option for low and moderate income families especially in areas with a lack of affordable housing stock. Manufactured homes can also open the door to homeownership for families that cannot afford to buy site-built homes.

And it's unfortunate that there are outdated stereotypes that have misrepresented these homes, when in reality a well-built and maintained manufactured house can have great curb appeal and can actually contain state-of-the-art energy efficient technology.

So some things NALHFA would like to see regarding this housing stock is some manufactured home owners are typically financed through chattel loans.

We'd like to have these borrowers receive the same consumer protections that are consistent with real property and standage (sic) mortgage loans to protect those consumers.

We'd also like to see policies and programs implemented that facilitate the preservation of these manufactured housing communities, and these types of programs can include many things.

Some of them would be the tenant opportunity to purchase protection from community sales and rent control. We'd also like you to focus on communities that already have these key protections and communities that are owned by the residents, nonprofits or government agencies.

We believe that manufactured housing can play a key role in providing safe and affordable housing for very low, low and moderate income families and the preservation, enhancement and expansion of these communities needs to have a robust presence in the underserved market plans.

There are many things we can do for preserving affordable housing at the rental level, but sometimes we neglect to focus on preserving affordable housing at the homeownership level.

Homeownership is at the lowest level since 1965 and this is due to things like student debts, access to credit and most importantly the low inventory and affordability.

So in the proposed Duty to Serve rule it encourages you to promote activities that support the shared equity programs offered by nonprofits and state and local governments.

And we're really excited to see that these shared equity opportunities are a great tool for ensuring that the home is affordable for not just the current homebuyer but successive homebuyers, and so we'd like to see strong support of the shared equity programs in the underserved market plans to preserve the stock of affordable housing.

Next we want to emphasize the importance of promoting fair housing and that keeps families in safe and secure affordable housing for the long-term. In the decades following the Fair Housing Act the federal government has been obligated to promote diverse communities, but for decades they have fallen short of these housing goals and have even perpetuated greater segregation in America's neighborhoods.

But we can see the tide is changing on fair housing with the new Affirmatively Furthering Fair Housing rule, and so we see this as a time for all partners involved to put the necessary resources towards fostering inclusive and diverse neighborhoods.

So within the Duty to Serve rule you're encouraged to engage in activities that promote residential economic diversity and this term can be interpreted in a number of ways, but NALHFA would like to see residential economic diversity as implementing affordable housing in high cost, low poverty neighborhoods.

This will help more families access the jobs, good schools, grocery stores and health services located in these neighborhoods and will help lift them out of poverty and stay in safe, secure housing for the long-term.

The best and most effective way of making these underserved market plans truly serve the markets is to plan an evaluation process that is transparent and public.

And I'm really glad that we have this listening session today. It's a great first step in seeing what's happening at the grassroots level and determining what actions will work best to serve these communities.

We really appreciate the opportunity to be involved in this process. Additionally, we would like to see that evaluation process and that we know that there's going to be the evaluation guide released by the FHFA.

But what we would like to see is a comment period on that evaluation process so that provides stakeholders an opportunity to understand the process better but also to provide input on the evaluation process itself.

So overall we are thankful for this opportunity to contribute to the underserved market plan, and we look forward to working with the enterprises to help meet housing needs for the very low, low and moderate-income families (unintelligible). Thank you.

Jim Gray: Thank you. (Scott Huntsman) if you would come to the front seat please. Our next speaker is Sunia Zaterman from the Council of Large Public Housing Authorities.

Sunia Zaterman: Good morning. I'm Sunia Zaterman, the Executive Director of the Council of Large Public Housing Authorities. CLPHA is a national nonprofit organization that works to preserve and improve public and affordable housing through advocacy, research, policy analysis and public education.

Our membership includes 70 of the largest and I like to think the most innovative housing authorities in the country. They operate almost half of the public housing portfolio of 1.1 million units in the country and operate almost 1/3 of the tenant-based voucher program.

The public housing program is the oldest affordable housing program in the country and the most underresourced. The – a recent 2010 study shows that the portfolio has at least $26 billion in the backlog of capital needs.

The annual appropriations for annual capital funds covers about 1/2 of the annual accrual of capital needs in public housing. The demand for public housing particularly in high cost areas far exceeds the supply, and most large housing authorities have closed their waiting list for many years.

I'm also here to speak on behalf of the RAD Collaborative, a recently formed coalition of interested practitioners working to successfully implement a HUD Rental Assistance Demonstration program.

This is sponsored by CLPHA and the National Equity Fund, the Housing Authority Insurance Group and others. I'd first like to start with our comments on expanding the definition of preservation to include Duty to Serve credit for enterprise support of new construction projects where they replaced existing subsidized multifamily properties.

Much of the existing stock of affordable housing, particularly public housing, the majority of which is older than 40 years, is now decades old and has reached the end of its useful life.

In many cases it no longer makes financial sense to use scarce capital funds to try to upgrade or modernize these essentially obsolete – functionally obsolete buildings.

Demolishing and replacing through new construction offers an opportunity to redesign developments consistent with modern standards including energy efficiency, reduced density, necessary amenities and promote income mixing on both the regional sites and allowing for the transfer of housing assistance to other neighborhoods to further their housing goals.

We encourage FHFA to state explicitly in the rule that new construction to replace existing affordable housing assets is included in the definition of preservation.

We strongly support the inclusion of the Rental Assistance Demonstration as a regulatory activity. CLPHA is one of the leading advocates for legislation that would permit housing authorities to convert their public housing properties to a much more stable Section 8 funding and regulatory platform.

We continue to work with HUD and our RAD Collaborative to streamline and implement the program, but new financial tools and resources are absolutely essential to the successful implementation of RAD.

We strongly support long-term affordability. We believe that FHFA should promote and incentivize long-term affordability by including an extended use agreement for 15 years beyond the term of the enterprise's loan purchase for affordability.

We believe that FHFA should promote and incentivize long-term affordability by including an extended use agreement for 15 years beyond the term of the enterprise's loan purchase for preservation activities and similarly for new construction projects by requiring regulatory agreements that maintain affordability at least for an initial 30-year period with bonus points for an additional 15-year periods.

In both cases affordability should be targeted to extremely low and very low-income households at rent levels consistent with the Section 8 program. Just a note public housing serves over 1.1 million households -- half of which are seniors or persons with disabilities -- the other families with children. The average income is less than the 30% extremely low so we’re talking about really the poorest citizens of our country.

We hope that the Enterprises will be allowed to enter the tax credit market and their role to be focused on areas which are truly underserved or on particularly - particular types of projects that need additional benefits with involvement by the enterprise -- particularly in terms of pricing advantage -- loan products that would be coupled with equity investments.

In our view there could be important benefits in allowing the Enterprises to purchases tax credits for preservation projects that involve either significant rehabilitation or new construction or replacement housing especially where the project enters attention to achieve certain other Federal policies like income mixing and pure housing goals.

With regard to Fair Housing, housing authorities strongly support Fair Housing goals yet they have been trapped in a situation having to deal with legacy developments in concentrated neighborhoods. But without the resources to carry out redevelopment plans to produce mixed income housing onsite or offsite to the extent that the Enterprises allocate resources to tax credit investments and other forms -- it should be to promote these goals. And I would just add that our view of Fair Housing includes not only expanding opportunities in low poverty areas, but also ensuring where that people are already living have sufficient investment to improve the quality of life in those neighborhoods.

With regard to guarantees -- in the case of RAD transactions and other public housing preservation projects -- we strongly encourage FHFA to permit such guarantees in order to make deals more efficient and to retain within the public side of the transaction as many resources as possible for future affordable housing use.

For example due to severely diminished capital funding from appropriations, housing authorities have increasingly relied on tax credits and redeveloping their properties. Many are very proficient. But even the most sophisticated and well-run housing authorities do not have a balance sheet - the strong balance sheets that are being looked for.

They can be forced to lose significant resources in the project in the form of reserves to procure fees or delayed equity-paying schedules so that they can satisfy the guarantee and other obligations for third-party investors. Providing the guarantee would allow for much more efficient use of these scarce resources by housing authorities and allow more recycling of those resources rather than letting them sit in development. We strongly applaud our focus on energy efficiencies particularly for our very very low-income households.

In terms of the mixed income definition, we think that the definition is somewhat unrealistic and far too skewed for high-income levels. Current occupancy in public housing -- as I noted -- is heavily weighted toward extremely low-income households below 30% that is capped at 80%. If we can achieve income mixing up to 80% in many of our current developments, I think that would be a very important achievement and should be recognized with credit.

With respect to other products that encourage the preservation of existing affordable housing we suggest Enterprises be allowed to extend other financing products directly to public housing authorities, their partners and mission non-profit organizations. Such products could include lines of credit, acquisition financing, bundled acquisition, bridge construction loans that can routinely be taken out with a modest support of a loan to value a permanent loan offered by conventional lenders. Particularly the transfer of assistance -- I think -- can be a very important tool to further our Fair Housing goals and these acquisition loans and other products would be very important to try to achieve those goals.

Again we very much appreciate the opportunity to speak and would also note that public housing is not explicitly called out in the rules and we believe that it should be. Thank you very much.

Jim Gray: Thank you. (Unintelligible) come forward. Our next speaker is Scott Hoekman from the Enterprise Community Investment Fund.

Scott Hoekman: Good morning and thanks for having me. So Enterprise - when I refer to Enterprise I'm referring to my organization -- not to be confused with the Enterprises. So Enterprise Community Partners and Enterprise Community Investment are all part of a national non-profit that helps build, finance and advocate for affordable housing for low and moderate-income families. For the past 32 years Enterprise has helped build or preserve about 360,000 affordable homes in all 50 states. And we've invested about $23 billion into communities.

In my - I'm speaking again in the rural section. I'm going to talk there about -- as the previous speaker alluded to -- urging the GSEs to resume investment - to be allowed to resume investment in the loan (unintelligible) tax credit market. I'll say more about that. But that's for preservation as well as (unintelligible). But I'll get to that more in the later segment.

I want to talk right now about - so Enterprise has the mortgage lending arm called Bellwether Enterprise Real Estate Capital. It's a Fannie Mae DUS lender and a Freddie Mac Program Plus and Targeted Affordable lender.

So what I want to talk about is preservation finance related to that and specifically the issue of small loans for multi-family. So we're happy that preservation is part of the Duty to Serve credit and that small loans are also part of that of what gets due to serve credit. Obviously the concern with multi-family as it's been alluded to is obsolescence, conversion of market, significant capital needs and therefore the need for long-term fixed rate affordable capital to do that.

So the issue that we see is that small multi-family loans in particular are very hard to - for lenders to originate and cover their costs to do so. And so that results in, you know, less capital being delivered for this crucial segment of the multi-family market.

And so in addition to just including those loans we would encourage FHFA to allow the GSEs to get Duty to Serve credit for research and product development activities related to providing long-term fixed rate affordable mortgage loans to small multi-family properties. Thank you.

Jim Gray: Thank you. Our next speaker is Lesli Gooch from the Manufactured Housing Institute.

Lesli Gooch: Thank you (Jim) and thank you everyone that's here on the panel -- Fannie Mae and Freddie Mac representatives. We appreciate your attendance here today. And this is the third listening session we know and so thank you for taking the time to travel throughout the country and to hear the perspectives.

And thank you all for being here. It’s so nice to be in a room with so many people who have dedicated their careers to affordable housing. And so I’m just really pleased to be a part of this group and thanks for your attention today.

I’m Lesli Gooch. I’m the Senior Vice President and Chief Lobbyist for the Manufactured Housing Institute. The Manufactured Housing Institute is the only national trade organization that represents all segments of the factory-built housing industry.

Our members include homebuilders, lenders, retailers, community owners and managers, suppliers and others who serve or are affiliated with the manufactured housing industry. We have 50 affiliated state organizations.

In 2016 the industry shipped over 81,000 HUD code homes to destinations across the United States. This is 9% of all of the single-family housing starts in 2016.

Manufactured housing is the first of the three underserved markets that were identified in the 2008 (unintelligible) Provision. And we really appreciate FHFA, Fannie Mae and Freddie Mac for their attention to this important area - this important market - and your work on Duty to Serve and we thank FHFA for considering MHI’s comments as the final rule - as the rule was finalized and as we move forward from that point to this process that we are taking on now.

The manufactured housing market today is characterized by sound lending practices and high quality homes that are built to a robust federal standard. But relative to the (unintelligible) housing market, consumers do not share the same financing options.

These limitations put manufactured housing consumers at a disadvantage in a number of areas including their ability to purchase new or existing homes, their ability to reduce interest rates through refinancing and their ability to sell homes to the broad range of interested buyers. These attributes are the essence of an underserved market.

So I know you've all heard a lot about manufactured housing at these listening sessions. We dominated in Chicago. I know there was a heavy presence also in San Francisco and even here today you've already heard individuals talking about the importance of manufactured housing. But that's because manufactured housing helps address the affordable housing shortage that we have and people across the country recognize that.

A robust manufactured housing market is critical to increasing the availability of affordable housing and that -- in so many parts of the country -- is in short supply. Based on US Census data the cost of manufactured homes are 10 to 35% less than the cost of comparable site built homes.

Manufactured housing offers this value to consumers because of technological advancements and cost savings that are associated with the factory-built process. Close to 60% of new manufactured homes sell for less than $70,000. The median income for manufactured home owners is about $26,000 per year.

Currently manufactured housing is the largest form of unsubsidized affordable housing. Homeownership -- unsubsidized home ownership. It is a critical source for housing for 22 million families. I already said 9% of new single-family home starts in 2016 were manufactured homes -- a substantial cost contributor to affordable housing in this country.

Manufactured housing is more prevalent in rural areas. About two thirds of all occupied manufactured homes in the United States are located outside of metropolitan statistical areas. There are affordable housing needs in rural America and manufactured housing can address these needs. In addition to rural areas manufactured homes serve housing needs in a wide range of communities -- rural areas where housing alternatives are few and construction labor is scarce -- but also higher cost metropolitan areas as fill-in applications.

With the Duty to Serve implementation manufactured housing should have an important role in providing reliable sustainable housing for current and future homeowners looking to meet a variety of housing and lifestyle needs. We are hearing so much about manufactured housing because it can address the unmet housing needs, unmet demographics and the needs in rural America.

Let me just give you a sense of it. Sixty-three percent of millennials today do not own a home. But 93% of this group wants to own a home and they prefer a single-family residence that's located outside of a suburban area. Manufactured housing can provide this as an option to millennials. Just today MHI has announced the launch of a new strategic research initiative to profile the housing needs and opportunities for the manufactured housing industry among various under-served homebuyers.

That includes millennials but also baby boomers and immigrants. These groups struggled to qualify and buy entry-level site built homes but manufactured homes can meet their housing needs and their wants.

We strongly believe that manufactured housing will appeal to the underserved entry-level homebuyer. I'm telling you all this because I believe that the

Enterprises should join us in this endeavor to serve the affordable housing needs of the groups that I just talked about.

There is tremendous opportunity to serve this unmet need and it's not a question in my mind about why you should do this -- that FHFA is telling you to do this -- it's why wouldn't you want to do this. Why wouldn't you want to join us in this opportunity to (unintelligible) the housing needs and desires of those unmet populations?

So we are pleased that the final Duty to Serve rule does give credit to the GSE for Chattel loan purchases. We realize the final rule does not make the purchase mandatory. The rule does not require any specific activity at all across the categories -- we recognize that. But while it's not mandatory, I'm here to say that the GSE should institute a pilot program to purchase Chattel loans.

Close to 80% of the manufactured housing loan market consists of Chattel loans. Chattel loans -- as I said before -- are an underserved market and (Harrah) explicitly identified Chattel lending as one of the markets that the Enterprises should consider. The Duty to Serve rule explicitly makes Chattel loans an eligible activity for receiving Duty to Serve credits. It is both the appropriate and essential for the Enterprises to make a meaningful commitment to Chattel loan purchases.

MHI does not believe that you can comply with the Duty to Serve manufactured housing without having a substantial purchase level for Chattel loans. And so we believe that you should include in your plans to FHFA a commitment to purchase substantial volumes of Chattel loans in order to receive a satisfactory rating on your underserved market plan.

Given the small size of the manufactured housing market relative to the housing market as a whole and given the safe - the lending safeguards and - sorry, excuse me - the safe lending safeguards and comment tenant - common tenant protections a meaningful Chattel program should be able to be developed with minimal risk to the Enterprises.

As evidence of this fact, we would point out that the manufactured home loan industry is active and since the 2008 crisis has been consistently profitable. The fact that FHFA is permitting a Chattel pilot speaks volumes about how far this industry has come. Chattel lending has been taking place for many decades.

There is a certain degree of standardization. We've highlighted a number of these standard practices in our comment letter and we think a Chattel pilot program will further serve to standardize these practices. To recap what we wrote in our comment letter, Chattel lending should comply with the ability to repay standards, be fully documented, have prudent terms to maturity limitations and prudent LTB limitations.

MHI's comment letter included details and specific recommendations about how to do this including detailing the extent to which Chattel loan purchases would improve affordability and acceptability and show how manufactured housing meets the housing needs of low and moderate income home buyers.

While MHI appreciates that the Enterprises do not have much experience with Chattel loans and that they should carefully assess all financial and operational risks of purchasing such loans, at some point you simply have to start purchasing the Chattel loans in order to confirm what we believe is true that such loans can be safely and profitably purchased.

Jim Gray: Lesli, I think I'm going to have to stop you. We're had a machine malfunction but you have had your ten minutes.

Lesli Gooch: Okay, I had ten minutes? Okay I didn't see where the thing is. Well thank you for your attention today.

Jim Gray: Okay, thank you. And it may come as a surprise but that actually concludes the Affordable Housing Preservation section and we're yet to start the Manufactured Housing Section -- which will be next. We are a little bit ahead of schedule at this point. So because we're at the end of the section we are going to take a ten-minute break now and we'll start the lunch probably about ten or 15 minutes late. We'll - after our ten-minute break - we'll start the Manufactured Housing section and then until - a few minutes later than we had originally scheduled just because we need to get a little bit further before we take our lunch break.

And I want to remind you that when we do take the lunch break during the second half of the lunch break there will be a panel up here of the Duty to Serve Team that will be here to answer questions that you may have about (unintelligible) guidance or any aspect of the Duty to Serve program.

So I ask now that we will start promptly ten minutes from now. The first two speakers in the Manufactured Housing section are (Don Jellison) and (Jennifer Hopkins). If you would please stand for recognition. Thanks. Bye.

Don Glisson: Thank you. I'm not sure this on. There we go. Actually my name is (Don Glisson) and I'm with - that's okay - and I'm - my name gets butchered a lot so I'm used to it. I'm suffering with the lingering effects of a cold so bear with me if my voice fails in the middle of that.

I’m Chairman and CEO of Triad Financial Services. We are the oldest company in manufactured housing finance business. The company has been around for over 50 years. We are the second largest lender in the industry -- number one being Berkshire Hathaway -- which pretty much services the Clayton - the Clayton Group that Warren Buffet owns.

I think we’re living proof that you can do Chattel lending in this industry -- in this business -- and do it successfully for yourself and for your customers. Lesli kind of gave a review of what manufactured housing is and what the market is. But I think it’s definitely a misunderstood product line. No question there's a lot of stereotypes out there about the product and about who lives in our product.

It’s one of the things that’s – we have to overcome as an industry and it’s one of the things that bothers me a lot about our industry is the fact that people really have a stereotype about trailers and trailer trash and it really annoys me. And it’s something I think we need to do a better job of.

But as we know the manufactured homes are built to a federal HUD code. The homes are energy efficient. It’s one of the few industries where it is uniquely an American-made product. A little bit of product is made in Canada that comes into our country but 95% of what’s built is built here in the USA so we employ a lot of factory workers here in this country.

Who lives in our homes? Firefighters, school teachers, police officers, Middle America. It’s the folks that we say we want to help buy a home and who have trouble affording homes - affording a home in their markets and our manufactured housing -- to me -- is an answer to that.

What does this industry lack today? This industry lacks liquidity -- a secondary market for its loan sources. And we could really use your help with that. The market -- as Lesli mentioned -- 80,000 new homes sold last year. Our data says about 60,000 of those were financed. Roughly 150,000 used homes sold last year so it's a 200,000 plus annual market.

What else is holding us back with (unintelligible). That's something you can't help us with but it is an issue that we have. There's a lot of discrimination against our product. It's unfortunate because again we are an option in many areas to the affordable housing crisis.

Triad. Triad again -- and this is for 50 years -- 8,000 loans last year. I've done over 100,000 loans in my lifetime. So we've helped that many families purchase homes and done it profitably for 50 years. Seven thousand Chattel loans last year -- about a thousand real estate secured. Serviced about $2 billion worth of loans. I believe we shared some of our data with your agencies but we would love to do more of that and are open to give you anything you need to help evaluate this industry.

It can be done. You can lend money in this industry and you can get your money back which is the key. I understand that there was a portfolio purchased in the late 90s that was problematic. I think it was probably an unwise purchase at the time. Like a lot of things the loans - the bad loans made (unintelligible) loans made. And I think that was the issue there. So we don't want you to be tainted with what happened with that portfolio purchase from a company that's no longer with us.

Our program - we have a unique credit enhancement that we put together. Since there is no liquidity in our industry, we build our own secondary market. We have over a hundred commercial banks and credit unions that buy our paper for us so we went out and built our own but we believe that with a robust secondary market in your groups that we can do more lending. We can serve more families and the industry can serve more families.

Two percent 30-day delinquency -- which I believe is probably better than what prime mortgages are today. So in a great recession our delinquency knocked out about 3.5% 30-day delinquency -- which is about half of what prime mortgages were at the time. So anybody who says that we can't perform as well as real estate secure -- it's an inaccurate statement.

We have about 50 basis points of annual loss. So again a very low loss rate (unintelligible). You know, what I - a couple notes I made here was what you should not do. You should not go out and purchase a portfolio that is already advantaged. I think what we need is access to credit for current homebuyers not past homebuyers and not from companies who maybe would take advantage of the program.

We don't need a program that's unworkable - something that can't be sold in the market or doesn't benefit our customers really isn't going to do us any good. So I would advise if you guys have a program – a program that we can all actually use. And lastly again as an industry and as a company we're committed to working with you to help you find a solution to this problem. Thank you.

Jim Gray: Thank you. Sorry. My microphone isn't working right now so I'll do the best I can to speak up and I'll stand up. (Mark Weiss) if you could come to the front seat. Our next speaker is (Jennifer Hopkins) from (unintelligible).

Jennifer Hopkins: Morning and thank you for having me and my name is (Jen Hopkins). (Unintelligible) community loans (unintelligible) Community Development

Finance Institution. We started working in manufactured housing because it is so affordable and we focus really in two tracks -- both working with manufactured home owners who are living in communities that are about to be close down.

We'll help them organize (unintelligible) and buy there (park) and then run as a resident-owned community That is safe and sound. And once those parks are resident-owned we finance the single family mortgages. And we've been doing that single family mortgage product since 2003. (Unintelligible) manufactured homes are titled as real estate. I can't talk to the Chattel issue but I can give a (point of view) of 1,000 homeowners that we know would not have been able to be manufactured homeowners because of the lack of financing. (Unintelligible) a good example to show that manufactured homeowners can be good borrowers and manufactured homes can be terrific collateral.

Since the program started just to give you a sense, it started in 2003 and we've went through the recession and had a performance rate of 98%. So we think that the Enterprise is getting into the area more so it can really give you an opportunity for more high performing (loans).

The pieces that I wanted to focus on have to do with the idea of financing mortgage - financing manufactured homes as much like site-built homes as possible. So the idea really of manufactured homes as a solution for the affordable housing needs shifts the focus from manufactured home loan products being a very small slice of the pie and they're kind of really designed in a very narrow way. would go get the recommendation - the other direction that takes the established system already in Fannie and Freddie about how to lend for homes overall and apply that to manufactured homes as much as you possibly can.

So a few examples that I know are out there now. Manufactured home owners have trouble applying Fannie or Freddie products for home improvement loans or energy improvement loans. So they need those products as much as any other site built homeowner does.

Single-wide homeowners have trouble getting financing -- though they're smaller footprints -- but they’re excellent quality homes as well. Similar along the lines of the underwriting guidelines -- which are drawn kind of narrowly -- but it’s this kind of narrow box in the guidelines that we just want to open up as much as possible to really be able to serve the needs of the people who are buying and owning manufactured homes as possible.

There are limits on the age of the homes but sometimes it’s no more than 10 year old homes or 20 year old homes or -- and we’re seeing terrific older homes that are well-maintained and good locations and, you know, new windows, in terrific shape. And foundation standards beyond what is required by law.

So it’s not uncommon that we see people applying to our loan program who have been shut out from their conventional loans by these kind of - just the narrow guidelines. I would also say it would help to recognize the practical reality - manufactured home owners typically have lower incomes. Even if they’re in terrific financial shape, they may not have 20% saved up to put down for a home.

So guidelines really need to address that kind of thing. Credit score may be lower because of history in the family and financial trouble long ago. We work with an average credit score of 620 and get that terrific performance even at that level.

The valuation of the home - I heard one theory of why the loans aren’t available for home improvement is, for example, because the manufactured homes depreciate every year and once they're installed they’re just lose value and, you know, that's because of the old way of thinking about the value of manufactured homes -- the Blue Book Value -- just look up the year of the home and you’ve get a value that’s less every year.

And again I would shift that focus to look at the value of the home the way you look at the value of any other home so that you’re getting an appraisal that says this home in this location in this condition based on what people are paying is worth X and I can tell you based on our portfolio over time we really see well-kept homes in a good location hold their value. They’re really not depreciating.

I did want to mention the initiatives that Fannie Mae has had in New Hampshire that has approved resident or community manufactured home parks that are cooperative to be eligible for Fannie Mae loans through a credit union and thorough Manufactured Housing. The Finance Authority -- they say that have a terrific model to be able to show activity from - from Fannie Mae to - specifically to New Hampshire -- but a way of approving a blue print or a model that could be used in other places that have either titling as real estate if you do or if the Chattel idea goes to other states I think it's too late to pick this kind of initiative in a pilot stage (unintelligible). (Unintelligible) innovation from Fannie Mae to start that kind of initiative in 2006.

So those are the comments that I wanted to offer with banks to FHFA and CFCE for opening the floor up. Thank you very much.

Jim Gray: Thank you. Lesli if you could return to the front to be on deck. Our next speaker is (Mark Weiss) with Manufactured Housing and Regulatory Reform.

Mark Weiss: Thanks (Jim). (MHRR) is a national trade organization that represents smaller and medium size producers of manufactured housing. I appreciate the opportunity to appear and speak here today. I also appreciate the fact that FHFA is conducting these listening sessions. I think they're very worthwhile.

I also want to thank Freddie Mac for forming a manufactured housing initiative task force and (MHRR) is pleased to be participating in the work of that group as a member. That said though I have to reiterate the central (unintelligible) of the comments already made by MHRR representatives including (Aber Hussey) our former Chairman (Danny Robio) our former President and current Senior Advisor at the January 25th listening session in Chicago. And that quite simply is that while the final DTS implementation rule represents a slight improvement over both the 2010 and 2015 proposed rules any DTS implementation that does not include material and timely enterprise securitization and secondary market support for manufactured housing Chattel loans does not and cannot fulfill the mandated DTS and therefore remains unacceptable to our members and to our organization.

In so far as the administration January 20th regulatory freeze order -- in our view -- clearly apprised this – applies to this matter and I think that was confirmed to some extent by the director. FHFA should use that right in conjunction with the additional input information and views that you're receiving from stakeholders at these meetings. To a minimum to revise your evaluation guidance and I would say the final rule itself to provide for an expedited path to manufactured home Chattel loan securitization in secondary market support.

The reason is straightforward and compelling if you look at the history of the Enterprises regarding support or more accurately non-support for manufactured home consumer lending and both the history and language and DTS provision itself.

The DTS provision is manifested with medial legislation designed to correct and reverse the Enterprise's long-standing failure or refusal to serve the three enumerated markets. As such it is to be construed in a broad and liberal manner but that is not and has not been our view been the case with DTS through the entirely of this proceeding including both the proposed rules and the final rule itself.

A remedial statute with a mandatory directive such as DTS is not a congressional invitation for stasis -- for maintaining fundamental status quo for one or more decades or indefinitely.

Instead it's a mandatory directive to change and correct the status quo in a material fashion in a timely way in order to provide a meaningful remedy for those who are being (unintelligible) in a way that makes it fundamentally discriminatory.

Congress has determined it has legislated (unintelligible). Judging as its benchmark FHFA -- in our view -- must materially alter the course established by the ruling in respect to manufactured housing and specifically with respect to manufactured housing Chattel loans.   First consumers in need of immediate access to affordable housing and inherently affordable non-subsidized homeownership that manufactured housing provides as recognized by Congress and DTS itself in preexisting federal manufactured housing law.

Those consumers have effectively been denied a DTS remedy of any kind for a nearly a decade already. Over that time there has been little or no (unintelligible) progress that has been made on Congress' directive. It's shown by the final rule by the valuation guidance and by the subsequent request for information from FHFA. Information that could have been solicited or either developed years ago are just being sought now with years more delays potentially to follow before any concrete relief for consumers -- if any -- will even be possible.

Consumers have been denied a remedy to congressionally identify any discriminatory failure served by the Enterprises - can and should not be denied a remedy for years more pending study evaluation and supposed outreach with no guarantee whatsoever of any concrete results.

Second the language of DTS itself makes if abundantly clear that it's designed to change the unacceptable status quo by bringing about new products and new programs to serve consumers within the identified markets and not just repackaging and rebranding existing products or existing programs.

And in support of that specifically the first manufactured housing section states that the Enterprises shall develop loan products for designated manufactured housing to consumers. The directive to develop loan products "developed for manufactured housing," would not have been necessary if the Enterprises already had adequate loan products for the manufactured housing market. It clearly demonstrates that Congress has of yet to mandate those Enterprises given their history and establish new loan products that will properly serve those consumers. Even (unintelligible) has in the past provided highly limited securitization in the secondary market support for manufactured housing real estate loans.

The new Enterprise products to be developed under DTS must necessarily then (unintelligible) housing Chattel loans. Viewed this way is the broad and liberal construction of a remedial statute such as DTS would demand the (unintelligible) manufactured housing is not just permissive but rather adjunct and clarification of the mandatory duty established by DTS.

The implementation of DTS however established under the FA final and evaluation guidance mandate and securitization in secondary market support of any type for any manufactured housing loan -- either real estate or Chattel. Rather the guidance - and will require only that the Enterprises is considered such support -- which could include refusing providing such support and explanation of that refusal as FHFA has acknowledged.

But this fundamentally fails the directive of Congress. If Congress has intended to Duty to Serve to be optional it would have not have called it a duty -- which involves and entails a mandatory obligation.

The Congress called DTS the Duty to Study. Studying the failure to serve already identified and targeted for rectification by Congress is an excuse for inaction of preservation of the unacceptable status quo not in a short predicate for a remedy prescribed by statute.

In addition, unacceptable delay in the failure to mandate any type of concrete remediate that would actually benefit consumers identified by DTS - the final ruling guidance could -- and in fact would --move upwards of 80% for the manufactured housing market represented by Chattel placement unserved either indefinitely or potentially forever.

The 80% of the manufactured housing market represented by such Chattel placements moreover involved the industry’s most affordable homes specifically price of homes that would be most affordable for the very low low and moderate income homebuyers targeted by DTS for financing relief.

Chattel placement, moreover, as we’ve noted in our written submission represent an expanding segment of the overall manufactured housing market having increased from 64% of all placements in 2007 to 80% plus of all placements in 2015 -- a 25% increase.

So very simply a DTS implementation role that could and likely would leave 80% or more of the congressionally designated DTS remedy market unserved indefinitely or simultaneously trying to expand support on a material and mandatory basis to remain at 20% or less of the manufactured housing market represented by real estate placement does not and necessarily cannot comply with Congress’ mandate for meaningful remedy to the Enterprise as established failure to serve the manufactured housing market.

The final rule that’s represents the continuation of the unacceptable situation that Congress ought to remedy by DTS -- other speakers in the previous meetings for manufactured housing finance experts -- have indicated that this entails material harm for the very consumers that Congress targeted for relief under DTS.

The damaging impact of this standard for consumers across the nation is only highlighted by information that was eluded to a moment ago by recent housing statistics which simultaneously show record high prices for all homes of 5.6% in November 2016 while home ownership continues to fall now at 63.7% in the fourth quarter of 2016.

At the same time, surveys show that the young Americans are losing confidence in prospects for buying a home. Number one factor sighted for this pull back from home ownership is the "lack of affordability," that's stated by the Chief Economist of National Association of Home Builders. All of the single most affordable source of homeownership manufactured housing is subject to continuing financing discrimination notwithstanding the thought of what was adopted by FHFA.

What we have suggested -- and it's spelled out in greater detail in our written submission -- is a program to be established that would provide meaningful purchases securitization secondary markets support for manufactured housing Chattel loans involving short-term progression to actual purchases of significant numbers of loans on a rolling basis that can then be evaluated on an on-going rolling basis perhaps with a 3-year interval between significant purchases. Thanks.

Jim Gray: (Dick Ernst) will now speak on the Manufactured Housing Initiative.

Dick Ernst: Thanks Jim. (Unintelligible). I didn't mean to call you names. First off I'm happy to be able to say good morning instead of good afternoon because half of you would be asleep in the afternoon. The other thing is I have to acknowledge how far FHFA has come from the proposed rule.

Our argument from MHI -- and some of my personal responses -- is that if you held the mortgage industry to the same standard that you were -- in essence -- holding us to from a bad experience in the late 90s, you wouldn't be in the mortgage business today. And so with that we have that capability to say, yes, that's a reasonable point. I think that deserves some recognition.

Let me reemphasize some of the things that Lesli said and (John) said as well. The fact that we in 19 – or in 2016 there was a 9% of single family housing starts is impressive enough but the fact that the GSEs do not offer a market for

80% of that business -- the only major segment of the housing business we lack a market for.

And the whole reason for the (unintelligible) was for the very low and low to moderate income customer and so you're really denying an opportunity for those very customers to gain access to secondary market in the high and low range. The way the industry has worked since 2008 when the (ABS) market went away is that we have depository institutions and private capital and specialty finance companies. Depositories obviously are using their depository money so they're borrowing short-term, lending long-term with loan terms up to 25 years. That's a - that's super disaster.

The two largest institutions are the two largest financing entities have special access to the capital markets but even then (unintelligible) halfway companies that (Don) mentioned -- even then -- Warren Buffet says , "Borrowing short, lending long is the way to get access to this business very quickly. He, fortunately, has $60 billion of other assets and he's using that for hedging purposes.

No one else shares that same level of protection. So what happens is, you know, the capital markets usually are going to charge at least a 100 to 150 basis points higher in costs for funds and in addition to that the lenders putting long-term loans on the books have to account for some sort of hedge or some sort of interest rate risk for the loans that they're putting on the books for up to 25 years.

And that could be as much as 200 basis points. So what you deny to those borrowers is the opportunity to get as much as 250 basis points interest rate relief by virtue of having secondary markets.

We think that’s critical and goes even further in honoring the obligations that serve those very low, low and moderate income families. In addition to that, (Don) mentioned the pre-owned market. And because of the pre=owned market and also where capital comes from, they restrict - most lenders -- almost all lenders -- restrict the terms to not financing anything more than 15 years old.

Well the housing code has been in effect since 1976. So everyone who has a 1976 to 2002 model home -- if you will – doesn’t have any financing options to speak of. You can imagine what that does to that market. It destroys it. If you can’t finance it, that means your only customer to sell it to is a cash customer. And those who have the cash get the best deals.

So we believe that the Enterprises should consider strongly -- in their Chattel program -- that not only new home Chattel transaction be purchased but also pre-owned Chattel transactions going back to 1976 when the HUD program was established.

(Don) mentioned 200,000 transactions a year with the pre-owned. Add to that refinancing. Our industry has not had any refinancing opportunities because when you’re borrowing from the capital markets you’re using depository money. What fuels the refinance market is the Federal Government and the establishment of the APORs that drive rates lower and lower until they get to a point where they say, "Wow. I can do a refinance. You get a lot better loan transaction than I have now."

Who needs the access to the people who are talking about service. We recognize that risk mitigation is extremely important. You all have probably tons of credit analysts at the GSE and they’re all smart people. (Don) told you and there are many many companies in this industry -- and I say many many -- we've got four national lenders. That's how pathetic it is.

A secondary market would bring a lot more competition in. But we've got four national companies with billions of dollars in portfolio. They have figured it out. Find out how they figured it out. Send it to me, sign NDAs, do whatever you have to and say we want - we really want to do this but we need to understand how you do it because it obviously works. And if it works that's all the more reason for you to do it, right?

Our finance model, our underwriting, everything else has changed dramatically in the last 15 years -- actually in the last five or six years. With the advent of the Safe Act, our industry used to be a retail installment contract business for lenders to actually purchase contracts from retailers.

With the Safe Act, that retailer is technically a finance entity -- had to be licensed in the finance entity. Had to give them a loan, had to do all of those things. It wasn't worthwhile. So what happened is that our industry switched to a direct lending platform. And that direct lending platform means if the lender is working directly with the consumers -- like the mortgage business,

In addition to that, with the advent of Dodd-Frank, the establishment of ability to repay, debt to income ratios, and Appendix Q there's a robust set of standards for documentation, verification and probably about 60% of our business is done on a QM basis and so we're doing QM financing just like you do in the mortgage business.

And generally the non-QM business is being done by lenders, you know, who have the experience and can justify doing it instead of a 43% debt to income ratio, maybe a 45 or 46. But once you get them reaching out to try and help these customers obtain home ownership.

I would also encourage the Enterprises on valuations as a result of the devaluation and appraisal rules established by Dodd-Frank. We have two companies that have come up with a valuation methodology for a new homes and pre-owned homes as well. And one company takes a cost approach. The other company takes a market comparable sales approach.

I would encourage you strongly to once again, sign NDAs, visit with them, understand how they come up with their valuation and get comfortable with it. My personal opinion is that on pre-owned homes – all pre-owned homes should have some sort of appraisal with someone vigorously inspecting that home - determining what the condition of that home is and then knowing based on also comparable sales and book - not book - but also cost approach. Be comfortable with that valuation.

So we have those disciplines established as well. (Unintelligible) we have to do many many of the same things that the mortgage lender has to do. And I know one of my counter parts here and colleagues, Jim Ayotte is going to talk about consumer protections. So I'm not - he's better at it than I am anyway with the communities that he works with, explaining how all that works, and addresses some fears and address some fears and concerns that you have. With that, thank you very much. And I finished on time this time.

Jim Gray: Thank you very much (Dick). Okay so at this point we’re going to take our lunch break. We’re still going to stick to the original plan of having an hour long lunch break. Now about ten minutes to noon. So what we’ll do is the first half hour will be entirely unstructured but the second half hour so beginning at about 12:20 we’ll reconvene in here and certainly feel free to eat your lunch during that time. We'll have a panel of staff people of the Duty to Serve program who will answer your questions. We'll talk about this (unintelligible) it is important to know that the answers that we give to the questions will really just be staff opinions. This is not binding interpretation of the agency and opinions on the questions that you will be asking us. Okay so now we'll have our lunch break and we'll reconvene for those that want to be part of that session (unintelligible).

So we'll take a 10 minute break and we'll resume at one o'clock and Mark Lifset will be the on deck person in the front and Jim Ayotte will be the first speaker. So if you want - in 10 minutes just please get to those positions. Thank you all.

Jim Ayotte: Thank you and good afternoon. Thank you and good afternoon. My name is Jim Ayotte. I'm the Executive Director of the Florida Manufactured Housing Association. The need for a secondary market for Chattel manufactured homes has been well-established. The need is especially acute in Florida where over two million people reside in 850,000 manufactured homes. Mobile and manufactured housing in the state of Florida represents 12% of all single-family dwellings.

A most important number though is this. Fifty-five percent of owners of manufactured homes in Florida have incomes of $30,000 or less a year. Now that's an amazing number. These are the low, the very low, the low and the moderate income families that Duty to Serve is designed to assist.

A secondary market will provide families that qualify for homeownership but may be financially challenged to benefit from down payment requirements, low interest rates and -- most importantly -- lower monthly payments. Florida is the manufactured housing community capital of the world. We have over

2,300 state licensed manufactured home communities in Florida with over 320,000 occupied sites.

Florida manufactured home communities are some of the most regulated in the country -- which makes it an ideal place for the (Jewel Piece) to take a look at when they're looking at a pilot program.

Financing falls in a land leased community presents two unique challenges. One, ensuring that home values are maintained over time, and, two, that the lender's interest is protected in the event of the loan default. Those are the two issues that we need to be concerned about. The first issue -- maintain value over time -- can be addressed through statutory requirements.

The second issue -- making sure that the lender's interest is protected can be attained by both statutory requirements and also having an agreement between the lender and the community where the home is sited. Florida is a prime example of how state regulation that balances the interest of manufactured homeowners and community owners can provide the foundation for a successful Chattel lending program.

The Florida Mobile Home Act Chapter 723 Florida Statutes contains many of the elements necessary for a successful Chattel loan program. These are some the requirements I think really you need to take a hard look at when you're establishing a private program.

Number one, in Florida there is a required delivery and acceptance of a prospectus prior to tenancy. A prospectus is very simple. It's a disclosure which details the terms, conditions – terms and conditions of the tenancy including the manner in which rent will be raised and the factors that may affect include site rent.

In Florida there is virtually a lifetime lease because it's only four-cause evictions and the right to cure any violation in the community. So if someone is in violation, they have the right to take care of it. They're not automatically evicted.

The right to cure default to non-payment is a minimum 90-day notice prior to increasing rent. It's the ability for the homeowners to challenge rate increases if they believe those rate increases are unreasonable.

Lastly, the homeowners have the right through their homeowners association to purchase the community in the event that it is being sold for use other than a mobile home park or manufactured housing community.

Florida's disclosure requirements coupled with the homeowners' right to challenge rent increases that they believe are unreasonable goes a long way to ensuring that unrestrained rent increases to do not increase - do not decrease the value of homes on (unintelligible).

This balance is fundamental to the viability of the industry. Florida addresses this potential concern in its landlord and tenants statutes through rent regulation -- not rent control.

While Florida's landlord tenant law is comprehensive we understand the GSE may be seeking additional homeowner and lender requirements. These are additional requirements that may precipitate a change in state law or they may require an agreement again between the community owner and the lender.

Here's a couple things that we need to take a look at to just go over and above. Number one, in the event that a homeowner is evicted from the community --

they should have the right to lease their home to someone else. And we need to have reasonable requirements for this.

The home has to be in decent shape. The people coming in to lease the home need to qualify for occupancy as well. We set that up - it ensures that the home remains in place, that they owner who has been evicted has the ability to lease out their home and then actually continuation of rent and make sure the home is being paid.

Also you need to allow a homeowner that's evicted the opportunity to sell their home and place. And as you see the biggest problem we see is if you remove the home from the rental site, you see a decrease in value. So we need to do whatever we can to make sure that that home remains a rental site.

So we need to work with all the community owners, need to work with the homeowners -- provide them a certain period of time to sell their home on site.

And again what they need to do is they need to meet minimum requirements. If the home is uninhabitable or unsafe, things need to be done with the home. You can’t just leave it there and have it continue to deteriorate.

So we have to work on some elements with that. And lastly, if the home is repossessed by the lien holder the community owner needs to make sure that the lien holder’s interests are protected. This means the community owner needs to provide the lien holder the ability to sell their home on the site.

And this can be done a number of different ways. In fact in Florida, we’re a pretty sophisticated industry. Our community owners do a lot of work with lenders there. And so what they do is they assist the lender always in trying to dispose of the home. They'll list the home for sale, they'll work with the lender if the home needs to be repaired in order to sell. In addition, a lot of times our community owners will buy the home, you know, simply they understand the need for financing.

They want to make sure the home stays in place and so from the community owner's perspective is very simple. If the home is there, they want that home occupied so cash flow - they can collect rent. If the home is not there -- it's not going to happen.

So I mean this makes common sense. In Florida there are many lenders that are familiar with Chattel lending. The problem we run into is these lenders are only willing to give a modest amount of loans -- Chattel loans -- because they don't want to keep this paper on their balance sheet. And so they're limited in what they can do. A secondary market would eliminate this concern.

You know, in Florida, we believe that a successful secondary market program can be established for Chattel manufactured homes with proper underwriting, pricing, risk sharing and appropriate homeowner and lender protections.

We believe that Florida has the optimal statutory and regulatory framework in place to ensure a successful pilot program. On behalf of the Florida Manufactured Housing Association we are committed in working with the GSEs in any way we can to provide you information in order for you to make some informed decisions and hopefully launch a Chattel program for manufactured housing. Thank you.

Jim Gray: Thank you. And - oh, gosh, I forgot your name. I'm just going to call you by your first name, (Anne). Could you please come to the first seat and (Mark Lifset) from McGlinchey Stafford LLC is our next speaker.

Mark Lifset: Good afternoon. My name is Mark Lifset from McGlinchey Stafford Law Firm and I'm here to speak on behalf of the Manufactured Housing Institute. In July 2012 the Uniform Law Commission approved the Uniformed Manufactured Housing Act. The Act contemplate titling all manufactured homes as real property regardless of location, method of (affectation) or ownership of the underlying land.

The stated purpose of the Act – stated purposes of the Act – are to bring national uniformity to the diverse methods of conveying and encumbering manufactured homes currently in place across the country -- at the moment totaling 245. Second, that by classifying manufactured homes as real property, loans secured by these homes will be eligible for purchase by Fannie and Freddie bearing interest rates comparable to loans secured by site built homes. And three, providing the same foreclosure protections for channel loans granted by the state's site built homes.

Several commenters asked the FHFA to embrace the Act for these reasons. I respectively submit that this endeavor is misguided. First, in the four years since the ULC approved the act no state has adopted it.

Doing so initially would not bring any uniformity to your manufactured housing but rather more complicated regimes. Existing titling laws would not simply disappear but would remain applicable to existing homes and the number of titling regimes would increase. Second, simply calling a manufactured home real property does not change the character of the home nor the credit profile of the borrower.

Notably neither Fannie nor Freddie agreed with the -- you only have to call it real property concept -- of establishing credit. Third -- and perhaps most significant -- important protections for Chattel loans would no longer apply. The Magnuson-Moss Warranty Act and the Family Trade Commission rule preserving consumer claims and defenses against retailers and lenders and the right under Chapter 13 of the Bankruptcy Code consumers to modify homes with negative equity would not apply to manufactured homes titled as real property.

MHI supports incorporating into a Chattel lending program consumer loss litigation protections available to borrowers who own site built homes. These protections could be applied through Enterprise sponsored as uniform Chattel loan documents and eligible loan guidelines thereby preserving important consumer protections and avoiding the flaws of the Uniform Law Commission Manufactured Housing Act.

MHI's comment letter extensively commented on other consumer protections that MHI supports that could be incorporated into GSE lending such as requirements related to an underlying land lease. The requirements and the final rule largely tracked the recommendations in our comment letter.

Additionally, Chattel financing practices already incorporate many consumer safeguards also as detailed in our comment letter. MHI believes that the Enterprises must -- in the words of the evaluation guidance -- significantly consider a Chattel program in their underserved market plans. MHI has been in discussion for some time with the Enterprises making the case that Chattel loan performance demonstrates that the Enterprises can purchase Chattel loans safely and profitably. MHI will continue working with both FHA and the GSEs going forward to provide helpful data that does not violate privacy or render confidentiality concerns. MHI also believes that as the Enterprises gain familiarity with Chattel loans, they can increase the volume and become an important market force in facilitating affordable purchase in financing loans.

MHI strongly recommends that the Enterprises must include a commitment to purchase a substantive volume of Chattel loans in order to receive at least a satisfactory rating under underserved market plans for manufactured housing. Thank you.

Jim Gray: Thank you. Loretta Dibble if you could come up and be the next speaker. Our next speaker is (Anne Kossachev).

Ann Kossachev: Good afternoon. My name is (Ann Kossachev) and don't get worried, my name get butchered all of the time. I'm here on behalf of the National Association of Federally-Insured Credit Unions or NAFCU.

NAFCU is the only national trade association focusing exclusively on Federal issues affecting the nation's Federally-insured credit unions. First I would like to take this opportunity to thank the FHFA for hosting the public listening session and for inviting interested stakeholders to participate. NAFCU applauds the FHFA's efforts to receive feedback from industry experts who understand the housing market and know how our nation's financial institutions are affected by regulatory changes.

Transparency is of utmost importance in the regulatory process and NAFCU encourages the FHFA to continue to convene public listening sessions as well as other opportunities for stakeholder to participate in the rule making process. The final Duty to Serve rule is a combination of a process which began in the wake of the 2008 financial crisis to establish a duty for Fannie Mae and Freddie Mac -- the GSEs -- to serve three underserved markets -- manufactured housing, affordable housing preservation and rural markets.

Today I will provide comments based on responses NAFCU has received from its member credit unions regarding manufactured housing -- specifically in terms of Chattel financing and the Chattel loan pilot programs that are in the beginning stages of development. And very briefly -- because I know that we covered this extensively earlier -- affordable housing preservation and how manufactured housing ties into that.

Overall, NAFCU supports the steps that the FHFA have taken to increase the liquidity of the mortgage market and improve the distribution of investment capital available to low and moderate income families. None the less, NAFCU members have some concerns regarding the roles of Fannie and Freddie in the Chattel loan market giving the history of the manufactured housing market.

In short, NAFCU and its member credit unions are concerned about the consequence of the Chattel loans pilot program. Our nation may face a more concentrated version of the 2008 crisis. Namely lenders loan increasingly enter the Chattel loan market because of the associated higher interest rates ignoring the fact that there is typically a higher rate of delinquency from manufactured housing loans -- which often occurs later in the process so that the manufactured home is oftentimes worth much less than the outstanding unpaid loan balance thereby creating a very risky environment susceptible to a crash.

To be clear, NAFCU is grateful that the FHFA has recognized the importance of providing Duty to Serve credits for Chattel loans especially given the large percentage of Chattel loans issued in the manufactured housing market as many have already noted about 80% of all loans used to finance the purchase of a manufactured home and their role in the affordable housing market.

But NAFCU also believes that the GSEs must tread carefully. One concern is whether Fannie or Freddie are presently capable of recognizing or fully understanding the intricacies that -- credit unions in particular – save when serving manufactured housing portfolios.

In contrast your run of the mill 30-year fixed rate mortgage loans from manufactured housing may be titled as either real property or personal property -- typically carry a higher interest rate -- oftentimes qualifying the purchase loan as higher priced mortgage loans or -- excuse me -- and are subject to fewer consumer protections including disclosures for borrowers in the loan application process.

Credit unions often face difficulties in their Chattel lending programs because titling requirements vary so widely -- not only from state to state -- but even among counties. NAFCU is concerned that the FHFA has not allocated enough time to researching and understanding these market intricacies and whether the GSEs will be able to formulate a system capable of bringing uniformity to an otherwise unstandardized market.

Furthermore, some of NAFCU's member credit unions are concerned about the logistics of the Chattel loans pilot program -- in particular the roughly month long timeline for incorporating comments from the request for input into the GSE's decision on whether to pursue special pilot program -- is inordinately brief. More time should be allocated to permit the GSEs to fully evaluate the channel loans market before making a decision on whether to cross the pilot program and what that pilot program should look like.

The FHFA itself in its request for input says that expect the GSEs to need time beyond the underserved markets plan to fully evaluate the public input. NAFCU agrees and would caution the FHFA against pressuring the GSEs to incorporate extensive information about their potential Chattel loan pilot program in their draft to underserved markets plan. So let's not rush a process that requires an immense amount of attention to details and patience considering the limited data about Chattel lending.

Although the GSEs will be ahead on other aspects of their proposed plans -- a slower process for the Chattel loans pilot program will likely lead to a more streamlined and unimpaired implementation of the program. Therefore NAFCU asks that the FHFA further study the Chattel loans market before asking the GSEs to decide whether they will pursue a pilot program. When the GSEs do submit their underserved markets plan, NAFCU believes that the GSEs should be required to provide a detailed explanation of why they are or are not choosing to launch a pilot program.

Moreover in their plans, the GSEs should set a limit on the volume of Chattel loan purchases as volume may increase from year to year. But such a gradual increase would require the GSEs to more closely analyze the success of the pilot program and would allow the FHFA to more effectively review the performance results of a Chattel loans pilot program.

Providing Duty to Serve credits for Chattel loans allows the GSEs to tap into a huge portion of the underserved market. Another underserved area that will benefit from more GSE involvement and Duty to Serve credits is affordable housing preservation.

Again NAFCU applauds the FHFA’s efforts in crafting a final rule that truly aims to help low and moderate income families. However NAFCU believes that the final rule can go even further. To ensure greater liquidity in underserved markets, the GSE’s underserved markets plan should be broader than just preservation and should more aggressively expand into the production of new multi-family rentals and single family home ownership.

Mixed income and mixed use developments are a crucial part of affordable housing providing a larger blend of community occupants that increase the stability of the multi-family rental markets. NAFCU encourages the FHFA to consider providing Duty to Serve credits for new construction options and not just preservation. The development of new housing products is essential to fulfilling the goal of serving the underserved in the area of affordable housing.

The GSE's underserved market plans cannot just focus on what is already in the pipeline but most consider what both small lenders and new lenders offer to borrowers allowing the GSEs to consider new products to further enhance liquidity is vital. As a part of this focus, the FHFA should allow the GSE's and their underserved markets plans to engage in more partnerships, explore more product features and have greater flexibility and underwriting guidelines.

For example, working with state and local level mortgage assistance programs would increase the number of partners that a GSE can collaborate with -- which will in turn help facilitate more funding. This can aid in the water and energy efficiency goals established in the final rule, assist with tax credits and also help to build products that minimize the needs for borrowers to work with third-party unregulated companies selling energy products.

In conclusion, NAFCU supports the FHFA's decision to provide Duty to Serve credits for Chattel loans but would also like to see more research from the GSEs regarding the channel loans market and an extended timeline for the GSEs to decide whether they wish to pursue a Chattel loan pilot program.

NAFCU also supports the final rules guidelines for affordable housing preservation but would like to see the GSEs in their plans engage in new construction options and have greater flexibility to set up partnerships with entities that facilitate more growth.

Thank you for this opportunity to share NAFCU's views on the Duty to Serve rule and what should be included in the underserved markets plan. Thank you.

Jim Gray: Thank you. (Susan Burns) if you could please come forward to the front seat. The next speaker is Loretta Dibble of the Manufactured Home Owners Association (unintelligible).

Loretta Dibble: Hello. My name is Loretta Dibble and in addition to being associated with the Manufactured Home Owners Association of New Jersey, I'm also a Board member of the National Manufacturers Home Association and I've been involved in advocacy and policy regarding manufactured homeowners who have lived in these housing communities for over a decade.

I'm also -- or was until Hurricane Sandy -- an owner of a manufactured home and I've lived in a manufactured home. I'm delighted to be here and congratulate the FHFA for turning their attention to the millions of American manufactured homeowners with their Duty to Serve work. It's about time.

The struggle for manufactured homeowners to preserve, protect and enjoy their homes and to realize the investment in their homes is great. Millions of these household own their homes but rent the land under them and reside in 50,000 manufactured homes housing communities across the country. A vast majority of these homeowners and their families live with little security of tenure, fear of eviction, and face economic eviction and hardship on a daily basis.

We’re a truly a neglected and underserved segment of American homeowners -- underserved in consumer protection, access to capital to purchase our homes and underserved in our ability to sell our homes once we’ve owned them. I live in Monmouth County, New Jersey. In Monmouth County we have -- or I should say had -- 32 manufactured homes lease hope communities with about 3500 housing units. About 260,000 household units in the county overall. There's about 3500 manufactured housing units.

In many parts of New Jersey there are local land control or rent stabilization ordinances. Nine of these 32 manufactured housing communities in Monmouth county are located (unintelligible), nine communities with about 900 households. This township had a rent control ordinance which was allowed to expire and was not written at the urging of community owners.

In four years, lot rents which were in the $400 to $600 a month range have gone to $700 to $900. Several of these homeowners who purchase their homes knew within the last ten years who (unintelligible) now find the combination of escalating lot rent and paying loans unsustainable. When they try to sell their homes it's not possible. No one wants to purchase a home in a community where the underlying costs are not controlled and where there's not a secure source of capital.

New Jersey had some of the strongest protections for people in (unintelligible) communities across the country. Florida has a wonderful protections and many of the suggestions that were made here are things that should be incorporated into any sort of (unintelligible) lending programs that is endorsed through the organization.

So what happened in these communities where the lot rents have doubled and sometimes tripled and where people have existing (unintelligible) they have to make a choice between paying a lease home or paying their loans. What's particular (unintelligible) here is although New Jersey has this great anti-retaliation, (unintelligible), move statutes, we have a short summary this possession process. So if a landlord (unintelligible) and a homeowner can be padlocked out of their home without the ability to sell that home and lose both their home and the (unintelligible).

This current situation is not what happens in fix-up homes with mortgages. The Consumer Protection Financial Bureau regulates the foreclosure process and sets nationwide standards. With (unintelligible) loans and manufactured housing this is not uniform. This differs from state to state. In Georgia there's over a million home owners in manufactured homes. Georgia has virtually no consumer protection laws and no landlord tenants laws so the (unintelligible) process.

I think it's really important and this (unintelligible) questions that you asked us to address in your guidelines. That these underlying consumer protections, (unintelligible) stabilization, what happens when communities close, (unintelligible). These are - and what happens in a (unintelligible) process need to be addressed upfront in these (unintelligible) products. You are not going to have secure loans unless you have secure home ownership. And if people can't afford to stay in their homes and they can't sell their homes then the loans - these products are not going to provide the release and the help to the people who most need it, the lowest income (unintelligible) segment.

And there's a whole lot of other things that I could talk about but we think this is so important for people to understand that these protections are so desperate across this state. And unfortunately many of those (unintelligible) place right now they have a community (unintelligible). The removal of the (unintelligible) that were provided by the Dodd Frank Act is self-lending and self-(unintelligible) would be terrible for our home owner. It is always in the best interest of the community owner to remove an existing home owner. They acquire a home they can resell; they can rent at a higher rate if there's vacancy being controlled.

And self-lending and self-(unintelligible) by the distributors and community owners creates another avenue for predatory community owners. So that's all I'm going to say and thank you very much.

Jim Gray: Thank you very much. (Unintelligible) our next speaker is (Susan Brenton) (unintelligible) from the Manufactured Housing Communities of Arizona.

Susan Brenton: Well good afternoon and thank you very much for having us here today. I believe that if FHFA and (unintelligible) really wants to meet their (unintelligible) requirements, channel financing must be considered. (Unintelligible) executive director for Manufactured Housing Communities of Arizona, (unintelligible) the owners of the community now for 13 years. Prior to that I actually represented the residents who live in the park for 18 years so I've known both sides of this issue.

In Arizona we have approximately 1400 manufactured housing communities where in the vast majority of them the owner, the community owner, owns the land and facility, the residents own their own homes as personal or (unintelligible) property and they pay rent on that use of the land. 1400 communities have about 150,000 spaces all-together.

You know prior to the SAFE Act and Dodd Frank like what was discussed a minute ago, many community owners out of necessity were financing homes in their communities. Of course the SAFE Act ended all of that and in order to finance more than five homes per year in Arizona you have to be a licensed (unintelligible) originator and some requirements that just can't not be met in the (unintelligible).

And it's interesting because actually I've got owners that were financing homes for people that had scores, credit scores in the 500's. They would look for into other - they'd look at of course financial history of a person, the criminal background, but they'd look into other issues like why is this credit score so low. Have they ever been evicted, things like that. Most community owners were vastly successful in their loans. So financing is needed for our affordable homes.

I'm just never going to forget the homeowner who called me up - or the community owner that called me up right after Safe Act went into effect and he says (Susan) one of my tenants left their home here, they left, they abandoned the home. I now own the home, it's in good shape, we put $500 into it, I've got a buyer right here who wants to buy the home for $500. He didn't have $500. He said he'll pay me $50 a month for ten months can I do it? I said no, that falls under the SAFE Act, you can't. And that's sad I mean you know, it's just wrong.

So this is what our industry is facing today. We understand that lenders do not want to make loans unless there are some safeguards and we believe that there are safeguards available in some locations such as Florida and in Arizona.

First I want to hear - I heard someone say something about how the homes are moved out in the middle of the night and no one knows where they've gone. They can't be moved out in the middle of the night, at least in Arizona. In Arizona our law, our Mobile Home Landlord Tenant Act basically says that if it's written in the rules and regulations of the community, if someone does come in and move a home without checking into the office and making sure that rent's been paid up to date or other arrangements have been made, that then the parks can turn around and go after the transporter, the owner of the home and any successor owners of the home to get any money due to that park for any problems that were left in the park.

Regarding valuing a home, it's important that you realize that up to 40% to 50% of the value of a home depends upon location - location, location, location. There's a very small chance of a home actually being moved out of one location to another at least in Arizona, typically less than 1% of manufactured homes are ever moved once they're placed. It's just easier to sell them there on the spot.

I believe that it's important to look at the prices that comparable homes in the same community are sold for. In addition to those considering both the community and the owner of the community and their history in this business. You know I've seen it before, I just saw a 1979 single wide that's selling for $59,000 in one of the nice communities in Arizona.

We also have certain protections in Arizona to cover, excuse me, the loans. First we've got a letter that must be given at least 90 days' notice of a rent increase prior to the expiration of the current rental agreement. A rental agreement can be for any length of time that the parties agree to. If the landlord and the resident can't agree to a length of term for a rental agreement it shall be for one year, that's the law. A resident has a grace period of five days after the rent is due to pay it without any sort of late fee attached.

And any change in community rules and regulations have to be mailed to each and every resident at least 30 days before they become effective. The law specifically states that if a new rule would make a substantial modification of a rental agreement the new rule doesn't apply for existing residents. For example if all of a sudden the (unintelligible) are no longer going to allow dogs they cannot make those who have dogs get rid of them.

We also have the law that a person cannot be evicted without good cause. An Arizona law says that that means they haven't paid their rent, they've repeatedly violated state Mobile Home Park Landlord Tenant Act or community rules. Or they've committed a material and irreparable act such as firing a gun or threatening or beating up somebody in the community.

We also protected - the residents are protected against those large rent increases. Arizona state law, we have a mobile home relocation fund and I'll talk about that a little bit more in a minute. But that relocation fund has money in it. If someone, the landlord does increase the rent by more than 10% plus the percentage that the consumer (unintelligible) the last year, over a 12 month period, if the rent increased by more than that much most can go to the relocation fund, get money and move their homes. And it has been done before somewhere.

This relocation fund's also there for the protection of the resident incase it's the community closes. Each resident that lives in the community pays into that fund each year, they consider it insurance basically. Community owners pay into it if they close the community. And the residents then, in closing, they're going to get 180 day notice and they have the option of either collecting expense of moving their home to a certain - up to a certain limit which we're right now is at $5000 for a single wide, $10,000 for multi-width. Or they can get a quarter of that amount in cash from the fund which there have been some of the communities that have closed where the homes were not worth $500. These people ended up with $1250 cash from the fund.

In those sorts of cases too our association gets involved. We basically get ahold of the transporters and we get ahold of other communities that have empty spaces and we go and we meet with the residents in that community that's closing and we try to help them as much as possible find new places to move into.

The law also has some protection for lenders. For example, within ten days of finding out that a home has been abandoned the law says that the landlord must notify the lender. A place that we think you can begin (unintelligible) has already provided a secondary loan for a community instead of providing financing for homes within the community. We offer the most affordable un-subsidized home ownership available and we do need a secondary market for financing.

And I thank you very much for having us here today.

Jim Gray: Thank you, (Doug Ryan) (unintelligible).

Doug Ryan: Thank you, I'm (Doug Ryan), I'm with (unintelligible) and at (unintelligible) we operate something called Innovations of Manufactured Homes Initiative which is an initiative to make home ownership of manufactured housing an appreciating asset, improve the land ten year for homeowners that are in communities, much of the stuff that (unintelligible) addressed. Make better public policy, you heard about consumer protections both in lease protections and elsewhere and to focus on the quality of manufactured housing which a lot of the previous speakers have emphasized.

I want to start with a couple of things though first, one thing by going last in this group I get to react to some of the things the other speakers address so I'm going to do a little bit of that. But first I want to start with what happened this morning in the Wall Street Journal articled mentioned a study by Trulia that's selling the mismatch between starter homes and first time home buyers. There's too many for sale, high end homes and too few buyers. But at the other end it's too few starter homes for the first time homebuyers. And I think everybody in this room agrees that manufactured housing's an opportunity to help address that and I think we'd get some agreement on that.

That said, and that's of course why there's a (unintelligible) in the statute. That said, it has to be done right and that's what (unintelligible), that's what (unintelligible) and (On-Home) are about. So let me start with a couple of other things too.

I do first of course want to thank FHFA and the (GSC)'s for having us and having the listening sessions and taking our comments seriously. I do strongly believe and we at (unintelligible) strongly believe that the preservation of manufactured housing and the perseveration of the community is the new preservation strategy of the future. Much like many of us had to deal with rental perseveration in the 80's and 90's, this is where we are today. This is an opportunity to do something un-subsidized in a way that we haven’t done before and I think we should all take advantage of this opportunity.

So moving forward we do also, like others have mentioned, talk about and worry about and are concerned about consumer protections. So I am encouraged that a couple of the previous speakers raised the good law. In some cases they are on the books in Arizona and Florida. And I look forward to working with NHI to support aggressive, full, consumer protections in all 50 states and I look forward to having that conversation because you must agree with that premise. We need long term these protections.

You need protection against foreclosures, I mean you need protection against closures of communities. You need proper notice, you need the right to purchase the community. You need the right to sell the home in place without unnecessary interference from the community owner. These are fundamental things that people should not have to fight against every time they want to sell their home and claim the asset or depreciating assets that they have a right to.

And moving to what I think the (unintelligible) should consider when we work on expanding the role in manufactured housing states and it's not just (unintelligible), though (unintelligible) is obviously one of the most important pieces of the market. But overall including on real estate, we have to figure out how to better appraise and better value manufactured housing. As the previous speaker said from Arizona you need to truly value against comparable in the community.

The current - the overwhelming strategy of using a depreciating table is not acceptable and does not move this industry forward. And that has to be left in the dust then. That goes without saying. There are other tools out there and I think we know what they are and (unintelligible) should if they go forward with the channel pilot we need to embrace this.

Furthermore we also have to look at the product that's out there. One of the most affordable pieces of the home ownership market is not just manufactured housing but the single section homes. Both Fannie and Freddie need to relook at their service and selling guidelines to better embrace single section homes. This is an opportunity to do home ownership differently and those units can also appreciate, also can be (unintelligible) and everything else just like multi-section - double section homes. So we have to figure out how to do those better.

And I think many people would agree that that's an important piece of the equation. That said, my home is only worth what somebody else wants to pay for it. And if existing homes aren't part of any pilot or the expansion of (unintelligible) into this space, it's almost meaningless. We already see that problem in the 502 program of USDA and they have done a better job launching a pilot for existing homes, we need the (unintelligible) also to embrace the financing of existing home purchases. That is fundamental to a healthy home ownership market especially in manufacturing housing that is such a challenge today.

I do believe quite strongly, this may come as no surprise, that special emphasis should be made for homes in mission owned communities. Residents on (cooperatives), land trusts, non-profit owned and public housing authorities. Let's be clear and let's not kid ourselves, those are the most secure communities to have a manufactured home in. That is without a doubt. There are some fantastic investor owners across the country but to be clear there're also some very poor ones.

But mission driven ownership which is a very small segment of the market needs to both be encouraged, preserved and expanded. That's because those are the safest bets for (unintelligible) pilot. And that said to get back in part because those communities have embedded consumer protections in them such as leases, other protections that are inherent. If nothing else because of the mission of these communities. That said, investor owned communities that wish to become part of a (unintelligible) pilot should embrace the protections they have and the mission owned - the mission driven ownership model. That will help standardization and that will get us - that will make advances into the markets with those types of ownerships, strategies are not wide spread and that's a big chunk of the country. Particularly in the southeast and other parts of the country where manufactured housing is such an important part of the market.

(Unintelligible) should also be encouraged on both the real estate and the (unintelligible) side to work more fully with the state FHA's as well in the 502 pilots. And I understand the challenge of working with USDA and the 502 pilots because of the value of (unintelligible) and all that. But with that said, the 502 program launching two pilots in manufactured housing perhaps there's an opportunity for the (unintelligible) to embrace.

That said, on the state FHA side many states do not - many FHA's do not work with manufactured housing because of the role of their services. We need to address that hand on and we (unintelligible) would welcome your help to do that. We're looking to how we could be helpful in that endeavor and that is something that we have to address as I said head on. It is a great challenge to us.

In part because state FHA's working with Fannie and Freddie have access to preferred products. Which help address the challenge of credit enhancement. Even if we're talking about a $30,000, $40,000, $50,000 home, many families in this market do not have the 20% down, they simply don't. And mortgage insurance on the (unintelligible) side is absent, we know that. And so (unintelligible) mortgage insurance becomes a part of this market and maybe it will, I'm hopeful, other tools such as recourse and other ways of enhancing the loan have to be addressed and have to be part of the (unintelligible).

I also - also on the side of innovation or standing the market we strongly believe that the (unintelligible) should be rewarded for investing with (CDFI)'s. More and more (CDFI)'s are now rated by standard (unintelligible), that should give some comfort to that kind - to that discussion moving forward. Many (CDFI)'s operate in the affordable housing space already of course. A number of them have expressed explicit interest to get into the (unintelligible) market and they should be supported by the (unintelligible).

Particularly because some of these (CDFI)'s are going to be - are regionally focused, working with a small number of loans and they may be best positioned out the gate to do this. Also there are (CDFI)'s that are investing in the preservation of communities and that can also be enhanced by investments from (unintelligible). That should not be prohibited either under conservatorship and I know we're not here to talk about that but that should be encouraged by the rule.

Also as we all know a fundamental part of the (unintelligible) was to adjust the needs of loan monitoring buyers, communities, as well as with families with low FICO scores. We have to embrace alternative ways of looking at credit. For example, many families who are living in communities already are meeting their obligations and may have - may have the financial wherewithal and the credit profile to buy a new home or to purchase a home in manufactured housing communities. Whereas they had previously been rentals and been meeting their rental obligations.

Alternative means to score people's credit have to be part of this equation. Too many people are outside of the homeownership box because of how FICO is rating them.

Alright we do - we also do believe as the previous speaker said that if Fannie and Freddie are supporting the blanket loans for mission driven - mission driven ownership the homes in those communities should also be eligible for getting to serve credit. We think that makes a lot of sense and that should also give comfort to the (unintelligible) and to their regulator.

Finally and to close I want to thank the FAHA for removing the 150 threshold from the blanket loan provision of the duty to serve. As we said in our comments we don't believe that added any value to it. We do - we strongly encourage the inclusion of blanket loans as part of the rule and we're pleased to see that they embrace consumer protections as well as mission driven ownership.

So again with that thank you to FHFA and the enterprises and we look forward to this process moving forward.

Jim Gray: Thank you (Doug). In a moment we're going to take another ten minute break before we switch from the manufactured housing market to the rural market. But I want to ask (Danielle Walton), please raise your hand. So she's over on this side of the room. If there are speakers who have not yet checked in with (Danielle) could you please do so during the break. And we will resume in ten minutes. And (Suzanne) (Unintelligible) from (rural list) will be first and then (Scott Hoekman) if you would come to the front seat in a second.

We're now starting the rural market, (Suzanne)'s the first speaker in the rural market.

Suzanne Anarde: Good afternoon, I am (Suzanne) (Unintelligible) Vice President at (Risk) Local Initiative Support Corporation, a national community development financial institution, CDFI. We have 31 urban sites across the national and I oversee and manage our national rural program. (Rural list) has a network of 76 communities, they have partners in 24 states geographically situated in nearly 2000 rural counties. We are honored to provide comments and suggestions to FAHA and the enterprises on your rural housing underserved market plan.

I also reside in a rural town, (unintelligible) Colorado, population 1248, 1247 today and I am invested in rural America personally, culturally and professionally. We have encouraged the enterprises to carefully consider cooperation with the existing infrastructure of CDFI's in rural America.

National, regional and local CDFI's stand ready to be a part of the solution as the enterprises seek to identify activities to support rural housing particularly in high need rural regions where CDFI's have been working, supporting and building capacity for many years. We understand the market's been various and are adept at mitigating risk. The commitment of FHFA is that the enterprises serve as not only a reliable source of liquidity but also increased liquidity and improving the distribution of investment capital, available for residential financing.

There's a natural fit for the enterprises and the CDFI's to work collaboratively - cooperatively in meeting rural housing needs. CDFI's primarily have access to short term capital which not only limits our liquidity but also limits our ability to provide long term capital solutions for rural housing needs. While loan portfolios are high performing with $250 million current portfolio has a less than 1% delinquency rate and we are (unintelligible) double A.

There is not a vibrant secondary market where we can sell these loan portfolios to investors. A collaborative that identifies (unintelligible), CDFI's loan portfolio asset by class as eligible for enterprise investment as a pilot would greatly increase CDFI liquidity and decrease risk for the enterprises as they seek to meet their duty to serve obligation in rural housing.

Separate from a direct enterprise investment the support and intent of the enterprises towards development of a mechanism for long term financing and housing in rural America would be a tremendous accomplishment.

One cannot talk about rural housing in (unintelligible). The two other underserved markets also have particular impact in rural, high poverty need areas. While we acknowledge that 515 is included with statutory activity and affordable housing segregation underserved market activity, it is critical that it also be a component in the rural housing market plan. The current 515 portfolio includes 13,800 properties which contract 416,000 units of affordable housing in rural communities. The average household (unintelligible) is $13,600 annually. 61% of 515 are elderly or disabled individuals, 72% are occupied by women who are the heads of household. The property's their age and in desperate need of preservation.

Estimates are that an additional $5.6 billion is needed to meet the physical needs of 515 units in the next 20 years. And we are not going to get money to build new, we have to conserve what we have. While there are some tools in the USDA (RD) programs that are valuable in conserving these units, there funding has been inconsistent and insufficient to even begin to solve this impending crisis. These properties are tough to conserve given a small size, low incomes of residents and short term rental assistance contracts.

The enterprises can play a vital role in serving rural markets in this critical source of rental housing by developing 515 refinancing products that take into consideration construction challenges and provide a secondary market for these loans. An existing product that is flexible and provides preservation options is the section 538 guarantee rural rental housing program. The enterprises are already authorized to purchase 538 loans, to prioritize the purchase of section 538 loans to refinance section 515 properties.

Additionally, given the number of units in most pre-1989 project, 19 to 33 units per property, ongoing projects for recapitalization is an efficient and cost effective method for lenders and borrowers for preservation. This must be considered in the language regarding small multi-family rental property activity.

Adapting existing enterprise bridge financing products to accommodate section 515 portfolio transactions and purchasing them on the secondary market would be a meaningful tool for preservation for section 515 properties.

Lastly, it should be noted that manufactured housing is a significant source of housing in rural America. Over half of the occupied manufactured units in this country are in rural America. While 6% of urban dwellers reside in manufactured units, (unintelligible) to 14% in rural areas. In some southern and western states over 1/3 of the occupied rural housing units are manufactured housing.

As the enterprise - as the enterprises look towards serving rural housing needs it is critical that manufactured housing solutions is created for rural service areas. While we've heard a lot about the numbers and the two types of programs (unintelligible) I don't want us to stray from the importance of collectively investing in rural housing infrastructure. And it is infrastructure particularly in rural America.

Our primary goal is providing safe and sanitary homes, not units, not projects, but homes for families, individuals, seniors, human beings, a place where rural jobs go at the end of the day, where children do their homework at safe haven in rural America. A true all spirit, Laura Ingalls Wilder said it best, "home is the nicest word there is". Let us not recite at the truly important aspect of this conversation, creating, preserving and sustaining homes for rural Americans, thank you.

Jim Gray: Thank you. (Unintelligible) here, okay so (unintelligible), and the next speaker is (Scott Hoekman).

(Scott Hoekman): Good afternoon, I introduced myself earlier, what I in vision two enterprises activities as a (unintelligible) lender Freddie Mac, target affordable and program plus lender and as a (PFI) enterprise is also a major syndicator of (unintelligible) tax credits. We've been involved from the gecko with the program and we've invested more than $11 billion in communities across the country over the 30 years of the tax credit program.

And so this portion of my remarks is really going to focus on urging FHFA to allow Fannie Mae and Freddie Mac to resume investment in housing tax credits. And particularly here in rural markets and underserved areas. So as most of you know prior to the 2007, 2008 financial crisis, Fannie Mae and Freddie Mac were very major investors in the housing credit market upwards of 40% of that market at that time.

I think what's probably maybe less well known or appreciated is that so a lot of the investors who were active and are still active in the housing credit market are banks that have CRA requirements which is one of the big drivers of their investment activity. And while that includes a lot of markets around the country it does tend to be more metropolitan focused where their CRA footprints are.

And so what was very impactful about Fannie and Freddie's involvement in the market was the fact that it was as we said in the industry go anywhere money that could be invested and particularly in rural and Native American communities. And Fannie Mae in particular had sponsored - invested in a series of housing credit equity funds that were specifically targeted to Native American affordable housing. And I would say was you know the exit of the (GSE) that market while there's still some activity there, it's really been much reduced.

And so I think that it's - we were very encouraged and excited to see the duty to serve rule said that the (GSE)'s would receive duty to serve credit for doing housing credit investing in rural markets. But as has been said a number of times already today, what the duty to serve rule doesn't do is give the (GSE)'s permission to resume that investment. And so what we're here to do is to urge FHFA to when hopefully the Fannie and Freddie do submit business plans or underserved market plans to resume that investment that that is approved. And I didn't note your marks earlier, (Jim), about the regulatory versus conservator role here but I - so whatever capacity we're speaking here I think that it makes sense. And maybe importantly for this discussion I think it would have a real impact.

So as many of you also know what's happened really since the election is that the (unintelligible) tax credit market has been a little bit disrupted due to the likelihood of tax reform going way up since given who we have in the new administration and the control of congress. And the priority that both have placed on tax reform. This is not 2007, 2008, that was a true meltdown where capital was completely gone from the market.

Investors are still for the most part investing but they're investing at a different - in a different pricing scheme, some of them are sitting on the sidelines and (Nova Gratic) and Company which is an accounting firm that really watches this market has estimated that without tax reform even happening we could have $2 billion to $3 billion less in the tax credit market this year than we had last year.

And so to me that's a clear need and a place where the agency - the (GSE)'s could get back into the market. I think that - and I think that a great role is for them to serve rural and other underserved markets again in that kind of go anywhere capacity that is not tied to just you know checking a (CRA) need. So - and as I said earlier I would include you know rural and Native American communities in that and I think that that would have a major impact in keeping deals moving in fulfilling the role that was identified with at the beginning of today that what the (GSE) should do is provide liquidity and stability to these markets and I think this would be a great example of that.

And the last thing I would add is that if the - if Fannie and Freddie do resume investing obviously you know it would be subject to doing it in a safe and sound manner but I would also encourage that it would be done with an eye sore being a (unintelligible) player. Because what happened in 2007, 2008 was that as things - as the market started to change Fannie and Freddie were the first investors to leave the market and then others followed and everything kind of shut down for a while there. And I think that it's important if you're going to talk about liquidity and stability that there be a commitment to you know continuing to invest at some level you know even as market dynamics change and playing that critical (unintelligible) role. And also a role even in the tax credit market of somewhat standardizing.

You know Fannie and Freddie's investment guidelines and procedures and ways of going about it still persist to this day in terms of having kind of set the standard for how the market works.

So the last thing I'll say in terms of the rural is that - and this was mentioned by the previous speaker, the importance of preserving on the - like I said earlier the conversation on preservation. But preserving the rural development 515 portfolio, the housing credit has been used to recapitalize those properties in some cases to assemble a bunch of them into a single tax credit partnership to make it - to make the financing and operations more efficient. I would say that that's happened but more needs to happen and I think that's a good specific example of where a (GSE) commitment to investing and investing in rural and other underserved markets could make a very positive impact on rural communities and their residents. Thank you.

Jim Gray: Thank you (Scott). Since (Larry) is not here, (Lance) I think you'll be the next speaker and then John Wiechmann you could please come to the front seat.

Lance George: Thank you (Jim). The Housing Systems Council, for those of you that don't know, is a national nonprofit that supports affordable housing efforts in rural areas of the United States. We've been around for about 45, 46 years. While we work across all communities and territories in the United States we've had a particular focus our attention on what we would call - actually in our mission statement, the poorest of the poor in the most rural areas in the United States. And those often equate to something that's irrelevant to the proposed rule of the high need areas, Central Appalachia, the lower Mississippi Delta and the rural southeast, US/Mexico border, the (unintelligible) Mexico border, Native American lands and migrant season farm workers.

So with that perspective we think we're kind of uniquely positioned to comment on this rural perspective. We would like to also thank FHA for having this opportunity but also for their level of engagement and thoroughness throughout this process. We've been engaged in almost every component since the initial 2009 advanced notice. And we really appreciate the FHA level of kind of engaging in thoroughness within this process. Equally we appreciate the outreach by the enterprises and working with them. We had a couple other comments on outreach but we equally appreciate your outreach and willingness to work with us and kind of seek and consult on this particular issue.

I would like to start out with one of the things that's the bang that a lot of people at FHA which I'd just like to applaud them on the work that they did on the rural definition which is a major component of that. There is no perfect definition of rural and I will applaud them that they didn't take the path of least resistance on this like some other entities have. Often times rural is defined as what is urban and everything that is not urban is rural. And they went at it from the other perspective and actually tried to have a more accurate definition. So it gets somewhat technical but we applaud them for that. Especially from the modifications that were made to incorporate a kind of erroneously omitted actual rule territory.

And then also to include (unintelligible) quite frankly what we would classify as more urbanized or suburban teams. We have nothing against suburban and urban communities but we believe that to get rural you know rural areas should actually get rural (unintelligible) not suburban areas. So we applaud you for that work and that component on that particular definition.

Another area where we appreciate especially relevant to some of the work we do is the focus on high need in persistently poor communities. And we also appreciate the inclusion of persistent poverty communities that help alleviate kind of one major omission within the rule.

We would like to focus on that particular component, just a general comment. We have some slightly specific comments and a lot of ours will be redundant, I wouldn't say redundant - important to what other people already said. But is there - the component on the high need community those areas I think, and I'm not trying to give them the enterprise of the past, but those might be some of the more difficult components of the entire rule. And we're willing to help and work with them.

I think they acknowledge that often times those are areas that we have (unintelligible) and access to that mortgage credit so those could be very challenging. I would note that while they all were kind of identified, the only thing they really share is a high poverty rate in our assessment. There are some other kind of factors. But in many respects they're all very unique and all very individual. They have their own individual cultures and un-relying economies and histories.

So I would caution the enterprise to look at that component very clearly and not have a one size fits all across those particular markets. Need to go in, I know there was some comments in the San Francisco market, I believe it talked about farm workers. (Unintelligible), (Tom) is here to talk about Native American markets. So we only have ten minutes here, I can't go into detail on them because there was a certain unique and challenged market but we would encourage you to kind of have specific solutions within those particular markets.

The other more specific comments and this is similar to what (Suzanne) and various other comments, we would support the investment in CDFI's in those areas. They worked there for a long time nationally and the regional CDFI investments in those areas and know them well. And that's a way to kind of gain so we encourage duty to serve credit in those areas to establish CDFI's.

Again another similar component or an issue that's already been mentioned is the preservation of affordable rental housing within the rural context, mainly the section 515 portfolio but others as well. There've been a lot of other strategy that will put forth the 538. We do encourage the you know the re-extension of the (Willington) Housing Tax Credit. We understand some of those issues that were mentioned. But we strongly focus or we strongly suggest those strategies as well to preserve the stock.

One area that we would focus on and something that we've paid some attention to is not just the properties themselves but the markets that they exist in. Namely we've looked at some areas in - it's often been a mantra, we've done work on this where it's often going to say that that's some of the only decent rental housing in some of those communities. And we've done some work and actually found to our surprise in many respects it is looking at the ratio of those particular USDA section 515 not just to the affordable housing stock but the overall housing stock.

So we make a suggestion that we pay particular attention on preserving properties where it makes it more than 10% of the occupied rental stock in those communities.

Another, and I'm going slightly off course here but I think this is kind of an out of the box idea, some of the more severe housing challenges in rural communities are not specifically or directly related to housing. We've seen this kind of manifest itself politically recently where you have what we would call a hollowing out of the population, kind of a mass exodus of younger working age population and you really only have a population of older population and lower income population. And it's really caused a severe imbalance in the underlying economy - severe problem related to the housing market.

So again, possibly an outside the box idea but there's some good literature around re-attraction strategies. People who grew up in rural community's left, younger people are highly mobile population wherever they live if they're urban, suburban, but they may want to come back younger people who grew up in rural communities. There's some really good evidence in some instances they might need to move back around the formation of kind of household status. Move back closer to relatives when you have younger children, smaller class sizes.

So possibly the development of a coming home product that could also look at (unintelligible) in combination with the mortgage and various other components related to kind of family and child wellbeing. It helps bolster some of those communities. We fully support the you know the low income - the very low income mandate below 50% and we know this product might not target that population but that's an areas that we would want to focus on.

Another suggestion for the enterprises and this is just a personal bias but we live in a data driven world and there's a (unintelligible) of data on rural communities. I think that was kind of found out through the process, through the rule making process. Increasingly we are gathering data, (unintelligible) releases their mortgage data that comes out frequently. But we need more and better rural data. So we actually advocate for support of data and research (unintelligible) research around rural markets in rural communities, have better informed policies and strategy.

A couple of other minor points and one is just about scales. Rural America makes up 96% of the nation's land mass, 96%, 97% of the nation's land mass. But we're only you know 14 - 20% to 14% of the population depending on who you kind of relate to on that. So I know the enterprises often work at scale but to think about the inversions, we know that it's a challenge to work across a large land mass but to work at a smaller scale to kind of work - it's a big credit we're working on.

So we really appreciate the opportunity to speak and we're willing to work with you and happy to work with you going forward, thank you.

Jim Gray: Thank you, alright (Tom Wright) if you would come to the front seat, John Wiechmann from Midwest Housing Equity Group is the next speaker.

John Wiechmann: Good afternoon, thank you very much for giving me the time to speak here today. My name is John Wiechmann, I'm the president and CEO of Midwest Housing Equity Group, that essentially means I'm the overhead, I don't do any real work. I'm also a member of Federal (unintelligible) for a while I was on advisory council, the vice chair of that. And I serve on the National Association of Home Builders Multi-Family Council Board of Trustees. All of which means that you should listen very attentively to what I have to say.

Before I get too far into it I just a bit about Midwest Housing Equity Group. So we're a tax exempt non-profit organization, we're based in Omaha Nebraska. We have offices in Topeka Kansas, Des Moines Iowa, Oklahoma City Oklahoma and Colorado Springs Colorado. Our mission is to change lives for a better tomorrow by promoting the developments, financing, and preservation of quality affordable housing.

Since our formation in 1993 we've been able to raise $1.6 billion of private capital in furtherance of that mission. We've taken that capital from our investors and we've invested in low income housing tax credits. That's helped us finance roughly 16,000 little homes across our Midwest footprint and the vast majority of that is in rural communities. That's why we were formed back in 1993 was to get tax credit equity capital into smaller markets.

I come today with a very specific ask to the enterprises. Please include in your plans a commitment to return to the tax credit equity market. And to the agency, both the regulatory and conservatorship side to please encourage and provide consent for them to do so.

Three reasons why the enterprises should include in their equity plans; one, each already understands the asset class and currently holds them on the books. Return doesn't require any new processes or procedures, it won't be complicated. Two, from a safety and (unintelligible) perspective it'll be pretty difficult to find a better performing asset. And three, the affordable housing industry, especially rural America, they need you more than ever, we really do.

On the first and second points I will say (unintelligible) we were fortunate to have partnered with those enterprises prior to the great recession. We have a good - we have a really long and fruitful partnership with both of you. Your collective trust allowed us to change a lot of lives of rural America. And as you probably know this, your portfolio with us is performing quite well. We've never ever had any foreclosures, we've never had any recapture of the tax credits, we're meeting or beating the targeted rate of return and we're giving you accurate reports on time.

Now the (FCC) requires me to say that past performance is no guarantee of future results but history rules a lot. But I also think this is more than just about people, more than just about spreadsheets and numbers. It's mostly about people. And for that I just - I want to share two deals that got done when you were in the market that I think are pretty cool.

The first is a deal in Everest Kansas that you did with us and both enterprises were a part of this. Everest has a population of 284 people and it's not every day you think that Fannie Mae and Freddie Mac can invest in a deal in a town of 284 people, but you did, you did it. It's eight units, it's for people age 55 plus, this one was new construction. It was placed in service in 2005. This property has occupancy rates in the high 90's. It's not like the housing wasn't needed, it was needed, in the high 90's.

From the original residents of 2005, three of them still live there today. It's suggested to me it's good quality housing. Turnover occurs sadly primarily to folks either passing away or needing a higher level of care. They rent for $380 a month. Aside from providing great quality affordable housing I'll tell you something else this property did is it kept people out of institutions, it kept them out of nursing homes, that saves the federal government a lot of money when we can keep people out of nursing homes before they need to be there. That's one example of really what you're able to do in the marketplace. But quite frankly a lot of for profit - or a lot of current institutional investors probably wouldn't be real excited about.

Another deal is in McIntosh County Oklahoma, (Jakota), (Jakota) has a population of just over 3300 people and this one was, (unintelligible) we were happy to have them involved in this one, that's 24 units, it was already 515 rehab, exactly some of the stuff we're talking about here. So mix of duplex and four-plex, a couple six-plexes. It provides some of the only affordable housing in town for working folks, for working families. Again occupancy of this development exceeds 99%. You know the only reason it's not 100% is because maybe somebody moves out once during the course of the year so it's vacant for about a week until we can turn it and sell it again.

Again the preservation transaction like this it wouldn't have occurred but for the participation of the enterprises, just to give two examples of why we think this should be back.

And on the third point just why we need you more than ever, I'll quote a few sentences from the final rule, after considering the comments FHFA has persuaded that despite a vibrant equity investment market in some areas of the country, other limited areas have significant (unintelligible) equity needs that the enterprises could safely assist. The financial crisis did not affect all regions of the country equally. And then further on it says other areas of the country, notably certain rural regions, have seen the (unintelligible) equity investments disappear. If you have (unintelligible) projects being completed during or following the financial crisis. A 2014 report found that proportions like (unintelligible) housing units developed in rural communities sell by 69% from 1987 to 2010. I'll be honest, those observations are right on point and things are about to get even worse.

As (Scott) said the (unintelligible) market is currently experiencing a dislocation following the November elections, many investors are convinced of the likelihood the tax reform increased dramatically. As part of that tax reform certainly they all hope the corporate tax rate goes lower. If the corporate tax rate decreases the value of the (unintelligible) investment decreases. And that's not so much because of the value of the tax credit itself decreases, that's not the case.

If you owe $1000 in taxes and I give you $1000 in tax credits I still gave you $1000 but regardless of what your tax rate is you got $1000 of benefit. But what does become less valuable are the tax losses. At a 35% tax rate I need $2.89 of losses to get a dollar in tax savings. But at a 20% tax rate I need $5 of those same tax losses to get you that same dollar of tax savings.

Many investors are on pause until they know exactly what that tax rate's going to look like. And even once they figure out what the new tax rate is I still think some of them are going to stay on pause because for those institutions that have accumulated a large amount of these deferred tax assets on their books, it's going to be a pretty nasty day in the CFO's office when yay tax refund's down but hey we've got a multi-billion dollar write-off that we have to explain to Wall Street.

That's not going to be pretty and even with the tax rate it's going to keep some investors on the sidelines for a little bit regardless of community reinvestment act requirements because first things first, CFO's going to make sure he keeps his job.

So anyway we need you. And it's critical to the underserved market participants, such as Midwest Housing, that we have access to a consistent, less yield driven source of equity capital. The enterprises can be key to promoting long term pricing stability and continued affordable housing, development of presentation, not just a rural market but in all markets.

Closing I'll just repeat my ask to the enterprises, please include a specific commitment to investment (unintelligible) equity in your plans and to the agencies please regulatory and conservatorship give your encouragement and consent to making such investments. Please join us again in changing lives for a better tomorrow. I appreciate your time.

Jim Gray: Thank you. (Tom Wright) US Department of Housing Urban Development.

Tom Wright: Good afternoon, and it's a great opportunity to be here. I represent a segment of the population that very few people know much about. I'm the director of (unintelligible) guarantee of the Office of Native American Programs (unintelligible). And so you're looking at something that population's very small and we depend on mainly the secondary market to be our player to help us get things done.

Now what's happened is Fannie, Freddie and the Federal Homeowner Bank all have bought loans over the years but in recent years the numbers have not been as high. So what I've seen is our product is actually, it's created some challenges in the long run for us in that right now don't have a single tier one lender, don't have a tier two lender. So we're all small community banks for the (unintelligible) and then local networks.

We found that in our program really does need the presence of the (GSE)'s. It really is important to us. Many of the great down payment systems programs have taken place over the years have been a byproduct of the Federal Homeowner Bank system.

But I'm going to go back to something I probably should have started with and it's really the, think about Indian Country and I've been involved for 35 years. And the first thing I learned because of going in Native's houses is quality of life begins at home. They're very (unintelligible) but don't have a lot of homes that have really good homes other than what has been built with. Okay, the incomes are lower.

But the second thing and probably the most important piece is that it's impossible to close this with a quality without access to capital. When you look at Indian Countries the most (unintelligible) in this country. It's not really - they aren't reservation banks. Once upon a time they (unintelligible) and it takes back ten years. Navajo nations have won banks on the reservation. So these are things that are very important.

But where it really ties in here is that we've got a lot of lenders that are first and second tier that could play with us. We're small, big picture, we had $7.1 billion of which 98% has occurred over the last ten years. So it is growing, people are interested in the program. But the reality is we've had - we want to have a discussion ten years from now because we did face problems because of the bubble. And maybe because a lot of brokers have done loans and next thing you know when the bubble hits Southern California properties dropped and we saw a lot of hits.

What we want is people that sustain investors be claiming our market. That's really my key ask because there are two programs, single family programs and a product that is a leveraging the block grant, that's pretty much the underfunded and we're starting to see traction where people are believing yes this is going to work.

Fannie Mae, the investment actually the first big one. With Freddie Mac it was a $15 million deal and of which (38) got used mainly because the Cherokee Nation though they could build more houses in a two year timeline than they actually could. But the reality is it was (unintelligible) and it helped jumpstart a program you know that at this point (unintelligible). It could be ten times that.

So I know my ask is a little different, I am a single - I focus on one single thing, is how do I bring capital to Indian country? And that's what I'm asking. How do you help me get there? The bottom line answer is without it we're not going to meet the needs, congress is now telling me I've got to find a way to do housing for the workforce. So we're going to have a special set aside this year, new workforce housing. And that includes teachers and doctors. And it's because they know the communities there, we just have to find a way to get to you and make you understand why it's important to us.

Thank you very much I appreciate your time.

Jim Gray: Okay thank you (Tom). We're now going to move to the residential diversity and other areas topic. And (Unintelligible) is our first speaker, I'm sorry if I mispronounced your name. And (unintelligible) if you would come to the front seat.

Dara Duguay: Thank you, my name is (Unintelligible) and I am Executive Director of Credit Builders Alliance. For those of you that are not familiar with CBA, we have been around for about a decade.

CBA is an alliance of about 500 non-profits. Many of them are CDFI's and we are pretty much, we were created to be the bridge between non-profit lenders and the credit bureau. You may not be aware but most of the major creditors have a threshold in terms of the size of your loan portfolio in order to be able to report the consumer, the borrower's loan payment to the credit bureaus. And if you're a small lender, if you're a small CDFI you're not able to. And most of the borrowers that they serve really have need to actually build a credit history. So we were created to actually be that intermediary and throughout you can have as little as two loans and some of our native CDFI's do. But we help their borrowers build credit.

So I am not a housing expert by any means so I'm going to confine my remarks to really the intersection between credit scores and also the ability to be underwritten for a mortgage, specifically FHA. But I wanted to start by putting things into a bigger context. And so if you look at the United States, recent figures have shown that about 45 million Americans are either credit invisible which means that there is no credit history for them whatsoever, or they are what's considered un-scoreable. Now what does that mean? They may have maybe in many cases quite robust credit report. I've seen credit reports with as many as 12, 13 pages but they're all collection accounts. And so if they're not active lines of credit they actually can't generate a credit score.

So we have this combination between those that are credit invisible and those that are also un-scoreable. So again about 20% of the population.

To break that down a little bit more to take a look deeper at that figure, within that 45 million the consumers that live in low income neighborhoods, about 30% of them are credit invisible. So that's about 1/3 of them that live in low income neighborhoods. And then to slice and dice it looking at by minority or by demographic, if you look at black consumers about 15% of them are credit invisible compared to 9% of white consumers. And an additional 13% of black consumers have un-scoreable records and an additional 12% of Hispanic consumers have un-scoreable records.

So many of the borrowers that are served by non-profit lenders such as CDFI's tend to be minority, tend to be definitely low to modest income and really have need to build credit. And so they have challenges in this area in terms of their credit scores.

Now where that intersects with FHA loans, I am aware that the minimum threshold for an FHA loan was raised in 2009. It used to be 580 and it was raised to 620. So what this affected the way (unintelligible) becomes even more difficult to qualify.

As I said I'm not a housing expert so when I did some research for my presentation today I found that this was encouraging, but I found that there was a way to actually underwrite through using non-traditional credit sources. However, I really never heard from most of my members that in practicality that this is being done to any great extent. If so, it doesn't seem to be the norm, it's certainly not what I'm hearing in the field. And so I think one of the challenges is that if you're trying to get more home owners approved that the credit score is quite a barrier in many cases. And so that's one of the things that I wanted to bring up.

The second thing that I hear from many, many of my members in the field - and my members collectively serve about 835,000 people a year. Again there're a little under 500 non-profits geographically located everywhere in the country. And one thing that I hear all the time is that the score that's being used, the FICO classic score, is very old and very outdated. And I know there's been an effort within FHFA for the last couple of years I believe in looking at updating that.

I know that FICO now the most current FICO score is FICO 9 and I believe that the classic FICO is FICO 4. And why that matters is that as the newer versions of FICO get released they become more and more predictive. So we're really you know being forced to use the really, really old model out there and also FICO is no longer the only game in town, there's other credit scoring companies like Vantage Score that have a pretty large percentage of the market.

And so effectively by just limiting it to an older score and one score that's - this is what I'm hearing from my members is that this is not helpful. So they would like that to be looked at a little bit more.

Just taking it back on one of the comments earlier about the funding of CDFI's, one of the fears that I'm hearing since the new administration is that there's a lot of worry about if the CDFI fund is going to be funded at all or at the level that it has been. You know there's even some fears that I've heard that it won't be funded at all, that they will just continue to certify CDFI's but that the CDFI fund will be empty. And so there's currently this fear out there as to you know where is the source of funding to support CDFI's and the great work that they do. Where is it going to come from? So I wanted to just add my comments on that regard, so thank you.

Jim Gray: Thank you. (Unintelligible) could you come up to be the on deck speaker. Our next speaker is (Antoine Thompson) from the National Association of Real Estate (Firms).

Antoine Thompson: Thank you, thank you for the opportunity to give some brief remarks. I want to thank (unintelligible) and FAHA and the panel for your time today. I know you all have been going all around the country. I was a former lawmaker, I know what it means to sit up there all day and be on the hot seat and be attentive too, so you're doing a great job.

Just a few quick things that we are concerned about. (Unintelligible) minority real estate association, the country we're in over 30 states, over 90 cities. We issued a report last year that is on (NAREB.com) on the state of housing in black America. And we are concerned about duty to serve and things related are directly - or indirectly to duty to serve as it relates to the wealth and equality between blacks and non-Hispanic whites because it's at its highest point in many, many decades.

Homeownership is the single most important asset for wealth accumulation by the typical American household. The homeownership rates for blacks today is lower than it's been almost since the great depression of the 1930's. The reason though, blacks have never enjoyed equal access to mainstream mortgage credit. Whether black families have attempted to become owners have largely been trapped and either a vicious cycle of predatory mortgage or just absolute deny access to home loans even by our own government.

Although predatory sub-prime loans are no longer a feature within the mortgage market, the (toasters) are still exploding for black America. Not only does this (unintelligible) housing recovery bypassing the black community in terms of our homeownership rate is not increasing, it's been actually declining since over ten years ago.

In twenty-fourteen homeownership rates for black America was 41.2%. It's a little higher right now, approximately 41.7% but that's still 30 percentage points lower than white Americans, we need action and we need action now. And we're hoping that duty to serve can help bridge that gap.

Conventional loans are still out of reach for many black followers. The vast majority of black followers rely on non-conventional loans, particularly FHA loans which continue to serve as a critical source of credit for black borrowers. Our applications for black applicants for conventional loans decreased by 82% from 2004 to twenty-fourteen. Applications for non-conventional loans increased by 50%.

In twenty-fourteen, 58% of applications coming from black prospective borrowers were for non-conventional loans compared with just 19% in twenty - in 2004. So we have a lot of work to do. There are a couple things that we believe could be helpful.

That the major federal holidays require vendors to submit loans, evaluate - they continue to submit loans that are evaluated outdated credit scoring models which was previously discussed. This continues to make that gap wider and wider. Unless we make changes that gap will persist long after many of us in this room are dead and gone. To the extent that Fannie Mae and Freddie Mac prices always on the same score models, blacks are unfairly and disproportionally required to pay a higher cost to access credit. And that's not even including low level price adjustments which is a very big concern of ours.

If those significantly increased costs continue to be imposed even though the (unintelligible) have sharply declined all three agencies have booked a business that are the most conservatively written in many, many years. And we often say in our association that when credit - when credit - when interest rates are low, access to credit for our community is more difficult. When interest rates are higher it's often easier to access credit. So we want to - rates are low we want to get access to the market now.

A couple of things that, before I wrap up, just a couple of quick things that I think are important to know. Preserving the affordability of housing is extremely important. Not just rental housing but ownership. We want to be part of the ownership society and as the demographics of the country change, many of us are concerned that we are guiding people towards the path of renter as opposed to ownership society. So we need to make sure that we're not indirectly creating a larger class of renters.

And in fact when we look at some of the data that's come out there's been more multi-family units coming on the market compared to new construction. And in many of the cities, particularly that I talked about earlier, many of our cities in the 90's and early 2000's there was a lot of new affordable housing for home owners that was created by partnership with developers in HUD and others. We've got to get back on that cycle, we have a generation of (mayors) in our country that not really utilize enough of the public dollars to leverage them create home ownership opportunities in many of our cities.

The last thing I want to emphasize is that home ownership needs to have a higher priority and the duty to serve single family housing we do support (co-ops) as well as a form of home ownership, right. I'm really you know we're really concerned that while the agencies can do a number of things and they are committed to it there's nothing like seeing that higher on that list when you put out materials. The greatest way that individuals can achieve wealth in America is through home ownership.

Too much of the duty to serve is focused on policy and programs and encourage low income people to remain as renters. While we want people to have quality housing to live in, we want people to own a piece of America. And we believe the more creativity and the more emphasis to push the (GSE) to come up with even more programs offer people the keys to a house that they own as opposed to the key to the house that they rent.

So I'll end by just saying that home ownership starts with families and again it’s the number one way that many communities of color built wealth in America. And we stand for home ownership, thank you.

Jim Gray: Thank you (Antoine). (Terence Hill) if you can come to the front seat, our next speaker is (unintelligible) from the National Council of State Housing Agency.

Garth Rieman: Thank you for this opportunity to discuss the (GSE)'s duty to serve underserved markets and FHFA's duty to serve final rule in evaluation guidance. I want to also thank you for your attentiveness and your interest. I know of logistics could go into this so thank you for everybody at FHFA that's made this possible.

The nation's state housing finance agencies are poise and ready to partner with the (GSE)'s to address these underserved needs. And believe there are many ways we can make progress towards our mutual preservation manufactured housing and rural housing objectives. HFA's are trying a variety of approaches to assist these markets. Often the (GSE)'s are already working with the HFA's in these efforts. But we are confident that this will - can promote even more activity and more effective approaches.

We think that the (GSE)'s can use loan purchases, products with innovative underwriting and other terms, outreach and investments in grant, improve the HFA's as well as other stakeholders in statutorily and regulatory activities contemplated in the final rule to make real headway in these areas. HFA's are involved in all these areas in one way or another I think.

They need help to serve them more effectively. We're particularly interested in finding ways that the (GSE)'s can come along. Some of the existing programs that the HFA's use now, especially the low income housing tax credit and tax exempted bonds we'd like to see increased ways and FHFA's consent to use those tools more in all of these areas. And to impose flexible rules on counting bonds and other investments to make the duty to serve obligation.

I also just wanted to make a brief comment on some of the preservation related issues. I know you had a whole period on that. But I think that we need to make sure that the affordability is real and long term for preservation deals particularly when we're refinancing affordable rental properties as a way of trying to extend that affordability period.

I also want to address extra credit for residential economic diversity in other areas. I guess the given top for this time. While this general topic of economic diversity and opportunity has long been a key component of affordable housing efforts, increased attention on the value of mobility to high opportunity areas, the impact inequitable living environments and the benefits of economic diversity make this an appropriate area for extra duty to serve credit.

One way to encourage (GSE) activity to reduce economic isolation of low income families and promote affordable housing in areas of opportunity and residential economic diversity would be to provide extra duty to serve credit or have credit and bond investments in preservation and world transactions in high opportunity areas and mixed income development. I'll come back in a little bit to looking at the definitions of both of those.

We also recommend providing extra credit for investments in community land trust in high opportunity areas. As the duty to serve rule says state housing credit qualified allocation plans will have different language pertaining to opportunity areas. We support FHFA's decision to provide credit for state designated areas that can be geographically defined and mapped.

Many HFA's are incorporating criteria and scoring methods to encourage development in areas of opportunity. These areas include places where affordable housing is developed or available close to jobs, higher performance schools, healthcare, grocery stores and other shopping and accessible transportation to such amenities.

We believe that FHFA and the (GSE)'s need to consider how to incorporate extra credit and preservations and other context where (GSE)'s may bring opportunity to areas of distress and not only where the development are in high opportunity areas. These activities also reduce economic isolation and promote opportunity.

We also support the rule and guidance of extra credit for specially challenging activities in rural areas and manufactured housing. We're continuing to look at the definitions of opportunity and concentrated poverty areas and mixed income housing in particular and we'll submit comments on these issues during the comment period for the evaluation guidance.

So I just want to highlight today our concerns that if those areas, particularly concentrated poverty and mixed income housing are defined too rigidly and too narrowly that there may be a number of projects that I think we ought to agree deserve extra credit but may be left out. I think particularly mixed income housing we need to try to really be careful that we don't have to have rigid, very low income and rigid upper income (unintelligible) in the same property necessarily because that may not ensure that we can provide development to still bring opportunity and mixed income to an area that doesn't request that exact formula for an individual property.

We look forward to working with you on helping (GSE)'s, HFA's and other stakeholders partner more effectively to promote affordable housing in underserved markets and are extra credit under the final rule.

Jim Gray: Thank you (Unintelligible), (Gerron) if you could come to the on deck seat, our next speaker is (Terence Hill) from Passive (unintelligible) Institute.

Terence Hill: Thank you very much, I'm (Terence Hill), I'm with the (Passive) (unintelligible) Institute, US and also the (unintelligible). Now the former is a very energy efficient building, standard and what (unintelligible) has been doing for the last since 2003 is built the first Passive house in the US and has also trained about 1200 people how to do this building (standard). And I had some slides but you know I don't have them now, so.

And the (unintelligible) Alliance is interested in bringing back direct current for inside the building. And when you put the two together you've got energy efficiency for heating or cooling or about 90% less energy for heating and 50% for cooling. And what you're left with is (unintelligible), computers, the appliances, most of which today if they've got electronics in them use direct current. But (unintelligible). The idea here is to have direct current back inside the house. It's there anyway but let's recognize it and set it up.

Solar produces direct current on the roof, batteries use direct current, so if we had direct current - people at (unintelligible) University are saying we could get another 50% of the (unintelligible). So that is one sort of little area that I'm interested in.

The other area that I'm interested in is the vulnerability of the existing grid (unintelligible). I've been up and hearing stuff up on the hills and one particular gentleman that was - he was introduced as the gentleman that designed the first hydrogen bomb and he was a former IBM executive. And his recommendation for the problems for the solar flare or (EMP) was to throw out the existing grid island.

So you get the picture, this is where I'm going, my little model in my head for this whole idea is passive houses at a city block level. Every house, passive house, dramatically reducing the load on the grid. Solar on a battery and tie it all together with a little direct micro grid (unintelligible). And when you've done that you've somehow - you 've broken the existing grid up into small pockets which makes a lot of - helps the - mitigates the problems with attack and helps mitigate the issues concerning solar flare, these things are autonomous when they break up an island and you've also created, possibly created, another income stream for the community by allowing solar services to be sold back to the big grid.

So that's basically what I wanted to - this - the data is a little bit more interesting than my - how I described it. I just heard a story - question about problems with credit. Another thing that's becoming pretty interesting - I'm interested in developing in the developing world. I spent 30 year in the international monetary fund so interest there. And there are a two billion people without electricity or adequate electricity. And a lot of them are going to get direct micro-boosts. One of the things holding that up is the availability of direct current appliances.

So there's a huge potential market. You know there's two billion to 3.5 - 350 million in this country, there's two billion people without adequate electricity, tremendous market. So my little story for today was you know this whole - this effort here could be used to facilitate and start this direct current market (unintelligible). The idea is there, there are conferences going on, but when I go to the appliance manufacturers here they say there's no market. But the building industry could begin this things.

Another thing that's - I'm interesting in particularly in the developing world is the access to banking. And block chain and you know digital money that's being used over there now, or the block chain perhaps not but money provides a telephone. And I think that's going to be a big - so when you put all these things together there's an opportunity for major shifts.

And finally one last thing, I built a house out here in Alexandria in 2007 I started - bad time to start. But I was faced with the problem of a conventional loan or building in a factory. I wanted to build in the factory and of course I ran up against conventional loan, right. So I had to put a lot of money upfront to build in the factory. That was a real problem.

And then when I finished it became really apparent to me that because I was interested in energy efficiency that was effected into the mortgage. So I'd like to put one little plugin here for total cost of ownership as opposed to first cost. And you really need to look at that, particularly as energy efficiency (unintelligible). So thanks very much.

Jim Gray: Thank you (Jared). So (unintelligible) if you could come up you'll be our last speaker and then we'll have a little wrap up from the enterprises and FHFA. Next speaker is (unintelligible) from the National Community Reinvestment Coalition.

Gerron Levi: Okay good afternoon, (unintelligible), I'm the director of policy and government affairs at NCRC. We are an umbrella organization of nearly 600 community based and community reinvestment organizations and partners across the country that are focused on increasing the flow of private capital into traditionally underserved communities. We promote access to basic banking services including credit and savings, affordable housing, small business lending and just investments for (unintelligible) low and moderate income communities.

We - I've kind of - the diversity of our (unintelligible) in the other category is sort of a grab bag of different issues some of which reach back to the three underserved markets. Let me start out by saying we support the progress that she mentioned that FHS - FHFA made in terms of including affordable home ownership preservation as a part of the regulatory activities under affordable housing preservation. Your affordable housing preservation activities around shared equity, energy and efficiency and distress assets.

I also want to mention some additional loan products in the affordable home ownership category that enterprises used to have and used to offer in - and provide a space, a sustainable manner that I would urge the conservator and the enterprises to consider again. I'll just run through a list of some prior products that could be included perhaps in the statutory activities where their state and local programs or they might be included as additional activities. So let me just run through a few.

Location efficient and smart commute mortgages. The enterprises used to have mortgage products, loan products, if the borrower were moved close to a subway than the loan product allowed consideration of what the borrower would save by not using a car. Because the borrower had more money in their pocket, they got credit for the potential savings, so I know Fannie had a number of different products like that.

There was also a home choice product - mortgage product for those with disabilities allowed a low down payment, mortgage with pre and post counseling. There were a number of sweat equity products when borrowers didn't have cash, borrowers could spend nights and weekends to fix up their home. This was a valuable product in the (Colonias) and along the Mexican border. They worked with local non-profits that would help buy the house and lot. They would (unintelligible), intermediary and help the family and provide some construction support.

There's also a home stay mortgage, it's built in facing that in case of involuntary job loss for example. It included mortgage cancellation coverage for four to six months in case it becomes a volatility. This is a much bigger challenge today.

There was a long list of Native American mortgage products. I know Fannie Mae used to customize mortgage products for various tribes, (unintelligible), Apache, (unintelligible) and others. They were targeted products. I know Freddie is looking at this again, but anyway just another product.

There were also some non-profit developer renovation product. The enterprises would provide, the developer with low cost financing for you know small single family duplex, three to four unit properties to sell in their community or invest in rentals. Used to be a number of different constructive - construction lending product, acquisition development loan product for construction and permits that financing. As well as live alone products in cases where you have neighborhoods that were just replying and non-profits wanted to buy and keep properties affordable but they were competing with you know large public read and high end developers.

I know in this case Fannie provided some bridge financing to the non-profit to go in and buy properties and to get permit financing. There were also some portfolio products and I understand the limits of the portfolio now but there you know you still do have a portfolio so let me just mention a couple of those, the working mortgage. This allowed automatic deduction from the checking account during a pay schedule, it allowed the borrower or the home owner to pay down the mortgage more quickly.

A modifiable mortgage, borrowers could qualify for a lower rate mortgage without refinancing. This allowed a direct transaction with the lender. There was also, and I know this was mentioned earlier a little bit, workforce housing products where the (GSE)'s and the - and a non-profit would both have a reverse mortgage on a property at a low interest rate. But they would underwrite the loan as a normal risk loan as just the (GSE) was the only loan.

So those are just some products that we - enterprises used to have and were able to offer it a safe and sustainable way that I would offer it for you to consider.

On the rental end let me just mention a couple of things. There was also a multi-family lending product for public housing authorities to rehabilitate and renovate housing units. Instead of a mortgage they would get a pledge of their HUD, capital grant, for a period of years, ten or 15 years. I do recognize that's subject to some appropriation risk but this was a product that they were able to offer safe and sustainably.

I would also make a - we're happy to see that there's duty to serve credit for loan purchases under the session 515 and 538 program. We'd also like to see you know some loan products and purchases and investments in light of the fact that the US is a (grain) nation. But - and for new construction and renovations that allow the elderly to (unintelligible).

Want to overall extol the virtues of housing counseling. And although the enterprises did not include a counseling requirement, we would urge housing counseling for (unintelligible) loan borrowers. And we would specifically urge you to expand your existing $500 grant to lenders for housing for counseling to the manufactured housing and the whole market program. We don't offer it there, we think it should be extend to the OC market.

Briefly on CDFI, we support the provisions in the rules providing incentives for activities with CDFI. Importantly long purchases from CDFI should be eligible for duty to serve credit. In addition we would urge FHFA to allow the enterprises to resume some of the CDFI's investments that they used to do. They used to invest in the stock as a non-controlling owner of CDFI's. They were early investors in CDFI's as a way to attract other investors - am I over?

And they also made deposits on occasion in CDFI. We support the resumption also of live tech investments in rural areas and specifically high need rural regions and populations. Am I over?

Okay, let me just, let me get to the one that it is related to this category which is residential economic diversity activity. We do - we also support extra credit for residential economic diversity activities and particularly with products, purchases and investments reinforced and support the work under HUD affirmatively further into their housing rules, their (fixed) in communities, in the country that have completed their comprehensive fair housing assessment under (AFSH).

So we would like to see duty to serve credit and support of those communities and those areas also that have community plan that promote mixed income housing and integration and just applying neighborhood. These are also areas where banks often invest with CRA credit, so.

Last thing on stabilization outcome we want to emphasize the importance of neighborhood stabilization outcomes and your debt distress asset financing for a stronger relationship with non-profits in the neighborhood stabilization program. That was a mouthful wasn't it.

Jim Gray: Okay I think we've heard from all of the speakers at this point.
We feel like this has been a very helpful day for us and launching the duty to serve after our first public listening sessions we deployed in Chicago and in San Francisco. And it would not be possible without all of the effort that some

of you went to, to prepare work for today. And we just - we thank you, and we hope this really is just the beginning of your engagement. We are counting on you when the plans are filed on April 13th to give us your feedback on it.

Alright so this concludes the (unintelligible) public listening session, thank you all.

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