

October 5, 2020

To the Federal Housing Finance Agency

Response to the Strategic Plan: Fiscal Years 2021 – 2024

Introduction

On September 22, 2020, FHFA published in a news release the Strategic Plan: Fiscal Years 2021 - 2024 (the “Plan”). The news release also stated that the FHFA requested input on the Plan by October 5, 2020. We welcome the opportunity to provide comments on the Plan especially in terms of how it relates to the multifamily businesses of Fannie Mae and Freddie Mac (collectively, the “Enterprises”).

About Walker & Dunlop

Walker & Dunlop, Inc. is a publicly traded company which has been listed on the New York Stock Exchange since December 2010. Walker & Dunlop, LLC (“W&D”), a wholly owned subsidiary, includes all of our loan origination and servicing operations. W&D has over 950 employees located throughout 43 offices in the United States and has a commercial loan servicing portfolio of over \$100 billion.

Founded in 1937, W&D is one of the largest multifamily lenders in the United States. In 2019, W&D originated over \$22 billion in multifamily loans; year to date through June 30, 2020 we have originated nearly \$15 billion in multifamily loans. W&D was named one of the first Fannie Mae DUS lenders in 1988 and acquired a license to originate Freddie Mac loans in 2009. In 2019, W&D was the number one Fannie Mae DUS Lender (over \$8 billion of annual originations) and the number three Freddie Mac Optigo® Lender (over \$6 billion of annual originations).

W&D is one of the few companies with such a large-scale multifamily platform with the Enterprises, giving us a deeply informed perspective on the Enterprises’ operations. And having grown from a small, family-owned independent commercial mortgage broker into a large, publicly-traded commercial real estate finance company, we have a broad perspective on all the market participants and how the Enterprises interact with their partners, both big and small.

Comments to The Plan

W&D congratulates the FHFA on putting forth a comprehensive Plan, focusing on such strategic goals and sub-goals as responsibly ending the conservatorship of the Enterprises, further supporting and growing affordable housing, promoting diversity and inclusion at both of the

Enterprises and in the greater real estate marketplace, and promoting the use of technology to provide the public with cutting edge data and analytics reporting.

In light of Strategic Goal 1 and the end of the conservatorship of the Enterprises, W&D seeks additional clarity in relation to the Plan’s methodology for multifamily credit risk transfer (“CRT”). In terms of CRT, W&D has previously written to the FHFA in “Response to Notice of Proposed Rulemaking on Enterprise Capital Requirements” (November 2018 memo attached). Consistent with our views outlined in this prior memo, W&D emphasizes the point that any additional capital requirements should not advantage one of the Enterprises vis-à-vis the other. Separately, the Fannie Mae DUS Advisory Council¹ wrote to the FHFA in “(RIN) 2590-AA95: FHFA Proposed Rule on Enterprise Regulatory Capital Framework” (August 2020 memo attached). W&D would like to bring attention to the DUS Advisory Council’s view that Multifamily Base Credit Risk Capital / Risk Weights should be held to the same standards as Single-Family and that in the development of Risk Weights, both asset classes should use a consistent underlying economic forecast and be calibrated to the historical record. Finally, the Mortgage Bankers Association² (“MBA”) wrote to the FHFA in “RE: Enterprise Regulatory Capital Framework” (August 2020 memo attached). Consistent with such letter, W&D emphasizes the MBA provided conclusion about further enhancing the recognition provided to CRT as the Enterprises have successfully transferred significant levels of mortgage credit risk to the private sector. Historically, including the COVID-19 pandemic to-date, W&D’s credit statistics are reflective of the Enterprises’ conservative underwriting standards and CRT strategies.

We feel that the industry would benefit from additional clarity surrounding CRT as part of the 2021- 2024 Plan and hope that our previous commentary will be helpful to the FHFA in setting out clarification as to the current status of the CRT guidelines for the Enterprises. We welcome further discussion with the FHFA and thank the FHFA for its review of the above points of consideration.

Respectively Submitted,

WALKER & DUNLOP, INC.

Willy Walker

William M. Walker
Chairman and Chief Executive Officer

¹ The Delegated Underwriting and Servicing (DUS) Peer Group is a coalition of lenders who originate the preponderance of multifamily mortgages that are sold to or securitized by Fannie Mae. Most of its members also utilize the Freddie Mac and Ginnie Mae programs for financing rental housing.

² The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Headquartered in Washington, DC, the association works to ensure the continued strength of the nation’s residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans.