



October 31, 2022

*Via Electronic Delivery*

Jason Cave  
Deputy Director  
Office of Financial Technology  
Federal Housing Finance Agency  
400 7th Street SW, 5th Floor  
Washington, D.C. 20219

Re: 2022 Fintech in Housing Finance RFI

Dear Deputy Director Cave:

The adoption of emerging financial technology is enhancing access, efficiency, and product innovation in the mortgage industry to reach underserved segments and to deliver better services to existing borrowers and homeowners. The formation of the new Office of Financial Technology and this request for information addressing fintech in housing finance evidence a strong commitment from the Federal Housing Finance Agency (FHFA) to understand technology-driven developments and to facilitate responsible innovation. Before proceeding, we would first like to thank you for this commitment and for the opportunity to join in this dialogue.

At Stavvy, our mission is to build and provide technology that transforms fragmented mortgage-lending processes into trusted and seamless experiences that enable mortgage market participants to focus on what matters – expanding and advancing sustainable homeownership while providing the highest quality services to borrowers and homeowners across all business cycles. We also share your commitment to responsible innovation. For Stavvy, responsible innovation is a defining tenet of who we are and is a core element built into the performance metrics by which we measure our success as an enterprise and the contributions of each Stavviator. The Stavvy platform aims to eliminate the use of and need for paper documentation in all mortgage transactions because we believe that a fully digital end-to-end mortgage ecosystem will enhance consumer protections, increase transparency, optimize origination processes, reduce compliance risks, and ultimately, unlock product innovation and the liquidity essential to advance the best interest of all consumers, particularly consumers in underserved communities.

By way of example, we are proud to have led the industry in deploying an eligibility engine that empowers lenders and servicers to identify the extent to which any transaction, across the mortgage lifecycle, can be executed, notarized, recorded, and transferred electronically. At the height of the COVID-19 Pandemic, we deployed proprietary tools equipping servicers to execute recordable electronic loan modifications remotely to meet the needs of distressed homeowners. Replacing paper-based processes that require loss mitigation packages to be shipped, executed, and notarized in hard copy with a fully digital workflow the same day a workout solution is identified for a borrower, our technology was able to expedite the delivery of relief and certainty to homeowners. This experience reaffirms the benefits provided by digitization for low and moderate-income consumers, single-parent households, individuals with limited mobility or inadequate access to transportation, as well as servicemembers.

To date, the functionality provided by our technology has been facilitated in part by the guidelines and standards promoting electronic closings and circulated by the Government Sponsored Enterprises, Ginnie Mae, and the Mortgage Industry Standards Maintenance Organization (MISMO). Accordingly, and in response to Section F.1. of this request for information, we emphasize that the stakeholder engagement strategy for the Office of Technology Innovation should incorporate activities that promote and maintain standardization for the use of new and emerging technologies by the Government Sponsored Enterprises (GSEs), the Federal Home Loan Banks (FHLBs), and other federal housing agencies.

First, we encourage the Office of Technology and Innovation to be active participants in industry standard setting bodies, their working group(s) and committees. We believe that the participation of this office in those working groups and committees would be very effective in facilitating, open, timely, and continuous discussion on the challenges and opportunities presented by the application of fintech to housing finance and facilitate the incorporation of such innovations and standards into the policies of the GSEs.

Second, we ask that you consider the development of a framework that balances, on one side, the need for and desirability of sandbox or proof of concept programs within the GSEs and FHLBs, and on the other, the risk for entrenchment of a particular tool, technology, or service provider. We believe that a sandbox or similar initiatives establishing opportunities for proof of concept activities within the regulated entities are a very effective tool for assessing the value proposition of new technology and for identifying the associated relevant performance metrics. To be clear, as a technology provider, we welcome and encourage more such initiatives across the fintech industry. At the same time, we recognize that at the right level of program maturity, pilot initiatives should lead to the development and publication of standards that promote competition and further innovation, while leveling the playing field for all participants.

Third, we believe that the Office of Technology Innovation should play a key role in promoting alignment in the technology adoption initiatives across government federal housing agencies to minimize adoption barriers. Any situation where market participants must adopt bifurcated processes based on loan type or investor, create systemic silos that present significant barriers to widespread adoption. The Office of Technology Innovation is well-positioned to coordinate communication between the regulated entities and other federal housing programs, including Ginnie Mae, the Federal Housing Administration, the United States Department of Veteran Affairs Home Loan Benefit Guaranty program, and the United State Department of Agriculture Rural Development Program and to promote consistency around the rules and guidelines governing the adoption of fintech by Seller/Servicers, FHLB member institutions, MBS Issuers, and federal housing program participants. These alignment initiatives across federal housing agencies will enable all borrowers to participate and enjoy the optimization of the process, irrespective of agency guidelines. It is our belief that these innovations should be part of the standard operating procedures to ensure transparency, safety, and soundness across the housing ecosystem.

Lastly, similar to what the FHFA has done for capital and liquidity requirements, we encourage the Office of Financial Technology to collaborate with other federal and state regulatory entities to seek a consistent framework governing fintech adoption. As traditional mortgage processes begin to converge with electronic closings, distributed ledger technology, tokenization, smart contracts, and other developments, we foresee the need for definitional precision and regulatory clarity to avoid business disruption while protecting consumers. Again, we believe that the Office



of Technology Innovation will be particularly well-positioned to develop and share its expertise on the role of fintech in housing finance to drive alignment and leadership.

At Stavvy, we believe that through mutual collaboration and the development of new tools, we can address the fragmentation, complexity, and inefficiencies in the mortgage ecosystem that contribute to inequitable outcomes. Again, we thank you for this opportunity and hereby reaffirm our commitment to engage and assist the Office of Technology Innovation in the tasks ahead.

Sincerely,

Signed with Stavvy:

*Konstantinos Ligris*

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**Kosta Ligris**

**Founder and Chief Executive Officer**

**Stavvy**