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**SUBJECT:** Summary of FHFA Meeting with Independent Community Bankers Association (ICBA)

**DATE:** September 11, 2009

**PARTICIPANTS:** Ed DeMarco, Acting Director, FHFA  
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On September 11, 2009, representatives from the Federal Housing Finance Agency (“FHFA”) met with representatives from ICBA at FHFA headquarters in Washington, D.C. ICBA is an organization of 5,000 community bank members and five for profit companies in 44 states. The following is a summary of ICBA comments related to the duty to serve underserved markets.

Fannie Mae and Freddie Mac are viewed as an important conduit to offload mortgages. Having access to the mortgage secondary market is a key objective for smaller lenders, many of which are located in smaller towns in rural areas. ICBA members typically have access to short-term funding, and mortgages are long-term. In some instances, Fannie Mae and Freddie Mac will not purchase certain loans originated by such lenders due to unduly restrictive and prescriptive underwriting standards. As a result, many loans originated by ICBA members are not easily securitized as GSE standards become the rural area standards.

ICBA will submit written comments on the FHFA “duty to serve” rule regarding rural areas and manufactured housing. Rural underwriting can be a challenge, e.g., appraisal comparables are difficult. Enterprise written guidance designed to encourage the purchase of loans in rural areas is sometimes not well understood by staff implementing the guidance, resulting in less flexibility than intended. In recent times, ICBA members indicate that both Fannie Mae and Freddie Mac may have become too conservative in their underwriting approach to rural loans.

Regarding manufactured housing, ICBA is very anxious to see what can be done in this area involving the Enterprises because manufactured housing is such a big part of the housing market for rural ICBA members. ICBA is aware of the challenges faced regarding inclusion of chattel loans.