



MORTGAGE BANKERS ASSOCIATION

October 13, 2020

The Honorable Mark Calabria
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

RE: 2021 Enterprise Housing Goals

Dear Director Calabria:

The Mortgage Bankers Association (MBA)¹ thanks the Federal Housing Finance Agency (FHFA) for the opportunity to comment on the proposed 2021 housing goals for Fannie Mae and Freddie Mac (the Enterprises).² The Enterprises are required by statute to facilitate the financing of affordable housing, and the housing goals are an important component of the framework by which FHFA can measure the Enterprises' progress.³

MBA strongly supports efforts to ensure sustainable and affordable housing for low-income and very low-income households, whether through homeownership or rental housing. While the Enterprise housing goals can and do contribute to this objective, they should be balanced with and accompanied by other tools and objectives. The most effective goals will be those that include both specific, quantitative targets based on purchased loans that serve distinct borrower/market segments and qualitative efforts such as outreach, research, and other targeted initiatives. These differing types of goals should be pursued in tandem and should complement each other.

¹ 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. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of over 2,100 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, credit unions, thrifts, REITs, Wall Street conduits, life insurance companies, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

² FHFA, "2021 Enterprise Housing Goals," 85 Fed Reg. 49312 (Aug. 13, 2020). Available at: <https://www.federalregister.gov/documents/2020/08/13/2020-15959/2021-enterprise-housing-goals>.

³ 12 U.S.C. § 4561(a); 12 C.F.R. part 1282.

With respect to the 2021 Enterprise housing goals proposed by FHFA, MBA believes it is appropriate to maintain the current requirements for another year given the high level of economic uncertainty. The COVID-19 pandemic and resulting disruption to the U.S. economy has created an environment in which there are many hopeful—yet potentially very different—pathways and timelines to economic recovery. The policy uncertainty faced by federal and state lawmakers and regulators is daunting, and any responses put in place surely will impact the single-family and multifamily mortgage markets. In addition to the uncertainty regarding these policy responses, other factors such as employment trends, consumer behavior, and broader market dynamics are particularly difficult to forecast in the current environment. Allowing an additional year to collect data and observe the path of the market recovery will provide a better picture of the impact of the economic downturn on all consumers, and particularly the impact on low- to very low-income borrowers. MBA supports such an approach by FHFA.

While the proposed 2021 benchmark multifamily housing goals are unchanged from those in place in 2020, FHFA suggests that the final rule ultimately may specify otherwise.

“If the conservatorship scorecard has established the multifamily purchase volume caps applicable for 2021 at the time FHFA publishes a final rule setting benchmark levels for the multifamily housing goals, FHFA may adjust the benchmark levels based on those purchase volume caps.”⁴

If FHFA does determine to depart from the proposal, MBA would urge FHFA also to provide an opportunity for public notice and comment on the changes. Looking further ahead, we urge FHFA to begin to move to a singular approach to supervising the Enterprises’ multifamily affordable housing performance that does not depend on the continuation of FHFA’s role as conservator.

Finally, as is noted in the proposed rule, FHFA maintains discretion with respect to its treatment of an Enterprise that fails to meet one or more housing goals. In light of the actions taken by the Enterprises to facilitate forbearance and to implement new loss mitigation procedures in response to the COVID-19 pandemic, and because many of these actions are likely to disproportionately benefit lower-income households, MBA believes it is appropriate for FHFA to consider such factors when evaluating the Enterprises. Pandemic response measures should not be viewed as a substitute for efforts to meet the housing goals, nor should they excuse substantial shortfalls in the Enterprises’ results. Such measures instead should be viewed as one component of the Enterprises’ broader efforts to facilitate and preserve affordable housing options nationwide. When determining whether to require an Enterprise to submit a housing plan for failure to meet one or more 2021 housing goals, FHFA should analyze that

⁴ 85 Fed. Reg. at 49319-49320.

RE: 2021 Enterprise Housing Goals
October 13, 2020
Page 3 of 3

Enterprise's pandemic response measures with a focus on how those measures specifically aided lower-income households.

MBA appreciates FHFA's consideration of our comments regarding the 2021 Enterprise housing goals and the broader objective of promoting market liquidity for affordable housing. We look forward to our ongoing efforts and collaboration with FHFA and the Enterprises on these important matters.

Should you have questions or wish to discuss these comments, please contact Sharon Walker at (202) 557-2747 and swalker@mba.org or Hanna Pitz at (202) 557-2796 and hpitz@mba.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Flood", written in a cursive style.

Mike Flood
Senior Vice President
Commercial/Multifamily Policy and Member Engagement
Mortgage Bankers Association

A handwritten signature in black ink, appearing to read "Pete Mills", written in a cursive style.

Pete Mills
Senior Vice President
Residential Policy and Member Engagement
Mortgage Bankers Association