Jim Gray: Okay, great. So, first we will take commenter who want to offer ideas for the enterprise underserved markets plan for the affordable housing preservation market. And our first commenter will be Kyle Williams from the National Urban League.

Kyle Williams: Yes. Thanks so much for the opportunity to provide feedback on FHFA's final Duty to Serve rule. First, before I dive in, I want to applaud director Watt and his staff for pushing the final rule through. For making Duty to Serve a priority and for seeking to feel the letter and spirit of the statute. Due to some real but mainly perceived stereotypes, we know that oftentimes lenders need to be incentivized to lend to certain demographic groups and to certain communities and neighborhoods. Oftentimes extra steps or incentives need to be taken to ensure that everyone has access to the traditional housing market and the American dream. To this end, the final Duty to Serve rule gets us much closer to ensuring broad access for all.

My name is Kyle Williams, I am the director of Financial and Housing Policy at the National Urban League Washington Bureau. As you know, the National Urban League is a historic civil rights organization focused on economic empowerment. We have nearly 90 affiliates across the US that provide direct, wraparound services to two million people annually.

For over 40 years, we've provided housing services to the community. Approximately 40 of our affiliates are unapproved housing counseling providers providing housing counseling and education services to deserving, eager Americans nationwide.

We have serviced over 200,000 prospective borrowers and homeowners of all races and socio-economic backgrounds since 2008. Our experience on the ground helped to inform the comments that we submitted in March related to the proposed rule and the discussion we are having now about the final rule, again which we strongly support.

While we do have concerns which I will address later, the final Duty to Serve rule

seems to strongly incentivize the enterprises to serve the three dedicated underserved markets laid out in the proposal in the affordable housing preservation market which I am pleased to discuss today.

Everyone on the phone and in the room knows the country has major issues and concerns when it comes to affordable rental housing and affordable home ownership for varied level and LMI families nationwide. This is especially true when it comes to African Americans. While the African American home ownership rate peaked at nearly 50% in 2004, it is currently approximately 41.5% and it is expected to continue to decrease through 2030. If we continue on this trajectory, African Americans will make up 25% of all new renters despite comprising less than 15% of the population.

The low home-ownership and high rental rates for African Americans can be attributed to numerous factors including past discrimination, redlining, and reverse redlining that occurred during the sub-prime boom, un-, and under-employment, lack of intergenerational wealth transfers, lack of down payments, and one of the biggest factors, credit score requirements. The enterprisers have significant room to reform the credit scoring model without drastically increasing [inaudible 00:39:52]. That's why the National Urban League is so excited about the prospects of the final DTS rule which holds the enterprises accountable...

Kyle Williams: the final VPS rule, which holds the enterprises accountable and specifically requires them to provide leadership in developing loan products and flexible underwriting guidelines. Alright, I'll jump into the meat of the matter. The requirement to require provide leadership in developing loan products and flexible underwriting guidelines couples with the Affordable Housing Bill's mandate to lead the market in affordable housing to help to galvanize the enterprises, to truly increase access to underserved markets.

Broadly, we support FHFA's emphasis on clearly defining the evaluation criteria through guidance and ensuring that it provides adequate accountability for

implementation in compliance by the enterprises. This will help to ensure that the enterprises strive to broadly increase access. We also support the opportunity for the public to provide feedback on the enterprises draft plans and FHFA's evaluation guidelines. We support requiring the enterprises to not only describe the activities that they intend to engage in but also why they decided not to include certain activities in their plan.

We also support FHFA's approach related to loan purchases, which considers the enterprises' past performance on the volume of loans purchased. It is this provision that we believe will help push the enterprises to stretch and lead the market in affordable housing as required by the goals. We also support allowing low-income housing tax credits to be used to receive duly deserved credits. However, we have concerns that neighborhood revitalization may not receive extra credits where rural purchases do.

We support the expanded definition of affordable housing preservation in the rural, however we believe that there may be other instances where it could be further expanded without being abused so long as premium techniques and the other type of opportunities like that are not incentivized. We support the efforts to increase the number of small lenders and we also support the inclusion of certain shared equity programs, especially those in partnership with non-profits.

So those are some of the things that we support, some of the things that we have true concerns about include ... We found that the lack of validation for housing [inaudible 00:42:24] counseling in the [inaudible 00:42:29], especially HUD approved housing counseling, to be very concerning. Research indicates that borrowers who receive housing counseling are 1/3 less likely to be serious delinquent on their mortgages and also people are more likely to receive a modification who receive housing counseling.

We believe that housing counseling should be used as a [inaudible 00:42:45] factor, similar to that of private mortgage insurance to make up for [indeficiencies

00:42:51] that, or to make up for certain deficiencies that people have in down payment, credit scores, and also debt to income ratios. As a result we strongly encourage FHFA to provide credits for the enterprises investing in housing counseling services. We also think that extra credits could be extended for the enterprises providing housing counseling under the additional credit section, either under the residential economic diversity section in high opportunity areas, or under other activities.

A couple of other concerns that we had, we question FHFA's evaluation process. Specifically related to the analysis of market opportunities. We believe that if the enterprises are allowed to determine ... To make their own assessment related to market opportunity, it will not lead to a consensus ... It will not allow stakeholders to evaluate whether or not Fannie and Freddie have actually met their requirements. If there is not a uniform or consistent standard, it'll be hard to gauge whether or not the enterprises have actually met that mark.

We also have concerns, just a couple more things ... We support the five-point grading system. We have concerns that the minimally passing standard constitutes as compliant. Minimally passing should not be sufficient enough to escape enforcement. We also question the efficacy of requiring a housing plan as a major mode of enforcement. Housing plans have not deterred the enterprises from missing their housing goals in the past, and they've actually ... Both have missed their housing goals in the recent past and it's not likely to deter them from missing those goals in the future. And also won't deter ... It may not deter the enterprises from meeting the required mark under the Duty to Serve rule.

Nonetheless, again, we believe that the Duty to Serve rule will be effective and coupled with the Affordable Housing Bills, in addition to funds from the National Housing Trust Fund, which Direct Watt allows for use, they will help enterprises to increase multi-family living, in supply, in helping make rentals more affordable. Also we believe that the enterprises work with [inaudible 00:45:19] with FHAs and nonprofits, among other initiatives, home ownerships should increase for

underserved communities.

So just to recap really quickly, I know that I've said a lot. Just to recap, we strongly support the rule, we believe it will increase access to underserved markets. Our biggest concerns are ensuring that the enterprises aim high and not low when laying out their underserved market plans, and that FHFA holds them to account. Not only on the backend related to enforcement, but on the front end related to the [inaudible 00:45:53] other plans, when it comes to enforcement we believe that minimally passing should not be categorized as being compliant with the underserved market plans and that enforcement should include more than requiring housing plans. And lastly, housing counseling should be included as a measure to receive DTS credit either under the investment assessment factor or as additional credits as residential income diversity in high opportunity areas or as other activities. Again, the National Urban League thanks FHFA, Director Watt, and his staff for the opportunity to provide our input today. Thank you.

Jim Gray: Okay, thank you, Kyle. Our next speaker is Mary Tingerthal of Minnesota Housing.

Mary Tingerthal: Thank you, Jim and I want to thank FHFA and Fannie May and Freddie Mac for this opportunity. I want to thank Ann and Mike for taking the time off personally to listen to our comments today.

We're particularly excited that the rule has provided for the underserved market plans. We think that this is a good approach to really give the agencies a opportunity to reach out to local communities and state agencies to find out where the real opportunities are across the country. As a public agency myself, we know that it's never easy to contemplate a very open process but we found that it's essential to really finding where the opportunities are, especially in rural communities.

We're prepared to comment today on rural areas and we really want to ask the GSEs to consider as they write their plans in this area to look at partnering opportunities with housing finance agencies. We are truly the agencies that are all statewide in

nature and we know our markets very well. Also, just want to point out as I'm sure you know, all rural areas are not created equal. There are opportunities that differ from place to place, things that work in one place simply won't be appropriate or necessary in another place. So we really encourage you to think about pilot programs where you can really zero on multiple strategies that might meet the needs in rural areas because the needs really are so different.

I'd like to talk for a minute about a potential for a way to work with housing finance agencies on direct loans. We know that for years the GSEs and many FHAs have struggled with the need for small, multi-family loans in rural areas. There aren't a lot of multi-family buildings in rural areas but those that are often need repairs and it's difficult sometimes to keep a program small enough in loan size and simple enough in underwriting to be able to be attractive to these smaller property owners while at the same time being able to assess risk. An idea that we have in this area is that the GSEs perhaps set some standards for what a loan would need to look like in terms of underwriting and documentation. And then be prepared to buy seasoned loans from housing finance agencies after they've been seasoned perhaps 12-24 months. This could allow us to sell loans that have demonstrated their ability to perform and thus allow us to keep the profits simpler on the front end rather than having to assess all of the risks upfront.

We also ask you to remember that the most effective

Mary Tingerthal: Ask you to remember that the most effective options that you'll be evaluated against won't necessarily be the easiest options. But partnering can increase the feasibility of those ideas and can help you also assess and define how you might structure those opportunities. So remember to ask us while you're doing your plans. Wether we have data on certain things and wether we might help with ideas on how we may be structured programs in the past.

A second activity in roll markets would be low income housing tax credits. If the resumption of tax credit investments is aloud, we in courage investments in rural

communities that meet particular strategic priorities in state qualified allocations funds. For example, Minnesota's Q.A.P. includes a strategic priority for work force housing communities. Those are communities outside the Minneapolis St. Paul metropolitan area. That do have growing economies and a growing number of jobs. And we have that spelled out in our Q.A.P. And also have some tools that allow you to quickly see where those locations are. If this resumed ...

Tax credit investment decisions in rural areas may be a little tricky to combine with the rules of economic integration or higher performing schools. So it may be a little tough to get extra credit in these areas. But all of that is typically spelled out in the states Q.A.P and we know there are 50 of them but a suggestion is rather than evaluating 50 Q.A.P documents ... G.A.C. should leverage the work of the National Housing Trust, which regularly evaluates and reports on the opportunity area language in all state Q.A.P.'s as they're revived each year. And makes that information publicity available.

Thirdly, an area where we think high rural need exists is in working with American-Indian population. Minnesota housing has a long history of partnering with tribal entities both on and off tribal land for both multi-family and single-family projects. Again if tax credit's investments resume we would in courage G.S.C.'s to consider investments in rental developments on tribal land. These transactions have been structured for many years and they are structured with a long term lease granted by a tribes that meet prudent investment standards that we know you would have to meet.

We include in our Q.A.P a strategic priority for projects on tribal lands and we have invested in 38 developments over a 1,000 units in Minnesota and allocated more than 12 million in tax credits to these kinds of properties. So it might be something you might otherwise over look. Also these properties can nicely be converted to home ownership under the eventual tenet home ownership provision of the tax code.

Finally, on single-family in rural areas. I do want to comment that housing finance agencies have had a very good long set of engagement with G.S.C.'s single-family

products, that allow us to make loans involving counseling and involving down-payment assistant that have allowed us to help home buyers that don't bring a lot of equity to the table for several years now. We would like from a rural perspective to also ask the G.S.C.'s to look seriously at creating a program similar to the hug Section 184 Indian home loan guarantee program. But with a more streamline process. We think there is a real opportunity here, particularly to engage lenders who may already be doing business with Fanny May, Freddy Mack. But working in rural areas.

Because mortgage loan products are scarce for homes on tribal lands. We developed a program in Minnesota using state appropriated dollars in order to serve those households and we made over two thousand mortgages over the last 20 years or so. So as you're looking at this opportunity which I encourage you to do. We may be able to help with data and there may be data available from the 184 program that will assure you the performance of the mortgages under these programs has actually been quite positive.

Finally, I would like to close my comments in this section by commenting on something that Kyle mentioned and that is the idea of extra credit for counseling activities that would be invested in by the G.S.C.'s. We know that both G.S.C.'s both have embraced the idea of counseling with regard to their low down-payment mortgages. And we truly, truly do appreciate that. But we do want to mention that we, in Minnesota, have experimented over the last 3 years with more intensive counseling options particularly focused on how those of color and Hispanic ethnicity. And we have had so great results, we have over a thousand families so far that have commenced this up to two-year counseling program that allows them to focus on things like budgeting, improving phyco-scores. And learning the responsibilities of home-ownership over a longer period of time. It's not terribly expensive and the results are really pretty amazing. With 50 percent of the households that finish the process deciding to go ahead and buy a home.

So with that I will close my comments on this section, thank you very much.

Jim Gray: Thank you, Mary. Our next speaker is Hazim Taib from the Connecticut Housing Finance Authority.

Hazim Taib: Thank you and good afternoon. I am the chief financial officer for Connecticut Housing finance Authority. I am here today to offer suggestions for your consideration and the governments sponsored enterprises Fanny May and Freddy Mack. Formally here underserved marker plan in the area of a portable housing reservation. Pursuing to the G.T.P. to serve rule. By mail introduction Connecticut Housing Finance Authority or C.H.F.A. The state-housing finance agency created by the Connecticut state legislature in 1969. C.H.F.A. is charged by statue with admission to alleviate the short for short affordable housing for low and modern-income residents in our state.

In almost five decades we have made more than one hundred thirty- thousand dollars to first time home buyers and finance the creation and the preservation of more than 39,000 affordable rental units. We have accomplished these goals at the issue of reasonable tax and then bonds and the allocating agency for the Federal low-income housing tax credit. We have triple A ratings from both movies and standard employers and have gained these ratings sense 2001 including during the 2008 financial crisis.

On a yearly basis, C.H.F.A. issues between 500 and 600 million dollars in housing bonds and manages the housing bonds portfolio of about four billion dollars. It is with our gratification in the bond market and experience in our state as a successful provider and financier of low and moderate income affordable housing that I offer this comments today.

First, we believe that the G.S.C.'s should consider partnering with Housing Financing Agencies like C.H.F.A. at the formally yearly mark-up plan. C.H.F.A.'s though out the country have expensive experience in serving under-served markets, lowering the needs of the communities and having the organization infrastructure

and capacity to build up a whole grant to underserved population. We know the risks and challenges of our local markets and communities well and can assist the G.S.C.'s greatly in furthering the outreach and impact on the preservation of affordable housing.

Many of the eligible activities listed in the QT to serve rule is examples of compliance ... part of G.S.C.'s are very much alined with C.H.F.A.'s mission and every day goals for our single and multi-family programs. We are dedicated to preserving affordable housing throughout our state including properties that have been funded from state and federal housing programs.

Hazim Taib: Funded through state and federal housing programs. We have provided financing to rehabilitate hundreds of challenged or distressed properties. The HFA has also piloted programs to support the physical and the financial health of multi-family and single-family properties, including energy efficiency initiatives. The Commonality and the Duty to Serve Rule suggests that the activities and the goals of HFA underscore the opportunity for meaningful collaboration that can leverage our resources to include outcomes for underserved populations.

Secondly, if the GSE's are mandated to fund programs for underserved populations, we believe the funds for such programs should flow through the HFA's. By funneling the funds through us, we know we can utilize it more effectively as we can leverage the funds with other HFA funds, thereby allowing us to do more. This can be achieved by the GSE's buying our bonds. In an era of heightened concerns about tax payer risk, we also believe there are opportunities for CHFA to assert the GST, replenish it, to preserve affordable housing where CHFA agrees to guarantee the risk of the investment.

As an example, in a scenario where Fannie Mae or Freddie Mac agrees to buy our triple A rated bonds directly, CHFA will be in a position to also a back stop guarantee on the investment. Thereby reducing the risk of the investment for the GSE, while gaining the interest and cost savings of the buying purchase. We would

then pass the savings to our pre-determined population, either by reducing their interest rate all [inaudible 01:02:08], which effectively lower their housing cost burden.

As a second example, we can envision a risk sharing ownership in the single family arena. Where guarantee fees, [inaudible 01:02:22] fees currently apply, to single family mortgages are born across all income spectrums.

Here we see an opportunity for GSE's to partner with CHFA, to increase access to home ownership and lower the cost for first time home buyers by reducing the guarantee fees. In this partnership, in exchange for reduced guarantee fees, for low and moderate income buyers, CHFA will co-insure the loan with the GSE's. Again reducing the risk to the GSE, while assisting more low and moderate income home buyers in gaining the benefit of home ownership.

These scenarios are just an example of how a partnership between GSE and HFA, like Connecticut Housing Finance Authority, might work to improve our collective reach to underserved markets. We believe that there is a wealth of collaboration that the GSE's and the HFA's could explore in furtherance of their joint goals.

And speaking on behalf of CHFA, we would be happy to engage in further discussions with you, to serve as a resource, or assist you in your considerations. I thank you for your time and wish to commend you for your efforts to serve low and moderate income families in our country.

Jim Gray: Thank you [inaudible 01:03:58]. Our next speaker is Agatha So from the National Council of La Raza.

Agatha So: Good Afternoon. My name is Agatha So, Housing Policy Analyst with the National Council of La Raza. Thank you for this opportunity to share our comments and ideas for activities that Fannie Mae and Freddie Mac should consider in the development of their respective underserved market plans.

As you may now NCLR is the largest constituency based, Hispanic organization in the United States and we are dedicated to improving life opportunities for the nation’s 56 million Hispanics. NCLR applauds HFSA for passing the final rule, which aims to both challenge and encourage the enterprises to better serve minority markets and low income households.

NCLR manages the National Home Ownership Network. A network of 51 community based non-profit organizations, which are also HUD Certified Housing Counseling Agencies. The Network has presence in 22 states, including Washington DC and Puerto Rico. In its 20th year of providing home ownership counseling services, the Network serves 35,000 very low low and moderate income families annually and averages more than 1,500 closings a year. In addition, several of the organizations we work with our small scale affordable housing developers. As such, NCLR also has a long history in the field of housing and community development, on which it bases the following recommendations.

The Raza Development Fund, RDF, is NCLR's wholly owned community development financial institution, or CDFI. The CDFI provides capital to NCLR's affiliates for community facilities including charters schools, daycare, primary health care, and affordable housing development.

NCLR has also formed an arm’s length corporation, [inaudible 01:06:00] Spano Inc., or HHI, that is repurposing real estate owned properties nationally. Since 2013 HHI has acquired and repurposed over 1,300 properties, through donation and purpose. In addition, it created a foreclosure prevention program that purchases distressed mortgages to keep families in the home. Working with NCLR, and private capital sources, it has acquired over 550 loans to date. It's modification rate has been higher than private purchasers because of the comprehensive programming. All families served by HHI receive housing counseling.

In light of our experience, we share the following suggestion. First of all we applaud

FHSA for allowing the enterprises to receive credit for facilitating the financing of the purchase of a distress assets such as REO properties to non-profits. The enterprises should build on Fannie Mae's non-profit REO sales program, giving non-profit's first look access, meaningful discounts and access to a broad geographic selection. The enterprises could support models such as one developed by [inaudible 01:07:11] Spano Inc., which requires that any property resale must meet specific affordability requirements and requires housing counseling for the family purchasing the home. More specifically, models such as HHI, require an income of no more than 110% of area meeting income. Which takes investors out of the universe of potential purchasers. This is one of many models that have all proven success, including those run by some of NCLR affiliates, and other local neighborhood stabilization organizations.

We recommend two additional activities for which the enterprises may receive credit. The first is the integration of an investment in housing company. NCLR supports duty to serve credit for activities that imbed housing counseling into the enterprise's loan products, in the statutory assessment factors including outreach and activities, such as shared equity programs and pilots done around [inaudible 01:08:12] manufactured housing loan purchase.

As my colleagues in Minnesota and DC have already stated, how to prove housing counseling agencies are an appropriate and valuable vehicle for the enterprises to address the needs of very low low and moderate income borrowers. This is because housing counselors are trusted sources of information. Studies done by UNC's Center for Community Capital have shown the integral role of housing counseling to ensuring low income families can access affordable mortgage products. Pre-purchased counseling can help reduce the likelihood of default and foreclosure by helping individuals determine if they are ready for home ownership and by connecting them with safer and more affordable mortgage products. At the same time, if home owners do struggle with their mortgage payments, housing counseling can be an effective intervention for them to avoid foreclosure.

Going into some examples. In a shared financing model, housing counseling could be required in order for a consumer to qualify for a second mortgage loan structured as shared appreciation loan. The enterprises could receive credit for purchasing such a loan, where in receiving the second mortgage is contingent upon the borrowers completion of HUD Certified Housing Counseling. The integration of housing counseling would ensure adequate levels of consumer protection to the tenants or home owners that are consistent with the requirements of other statutory and regulatory activities in the rule. Working with a housing counseling agency would also ensure access to shared equity financing for underserved borrowers.

As another example, the GSE's could invest in new approaches to home ownership targeting families earning below 80% or 60% of areas

Agatha So: It's earning below 80% or 60% of area median income. Yet, enterprises could receive credit for investments and projects that test the feasibility of newer purchase to home ownership that incorporate more flexible underwriting guidelines, pre-purchase housing counseling and credit enhancements including down payment assistance. In the early 1990s, NCLR partnered with Fannie May and First Interstate Bank to design and implement one of the earliest of such pilot projects. Called Home to Own, this pilot provided mortgages to nearly 500 families all of whom who earned below 80% of area median income and [hassling 01:10:45] the families below 60% of area median income. Finally, the second activity we would propose and suggest would be the Fannie and Freddie make investment in CDFI programs that preserve affordable housing. Enterprise plans could include investments in CDFI programs that provide access to capital to mission-based nonprofits active in housing and multifamily acquisition and rehabilitation.

NCLR's subsidiary runs a development fund and has funded several of these projects, which have been successful in preserving affordable housing in low income Latino neighborhoods. One example is in Portland, Oregon where RDS provided financing to rehab a 25-unit apartment building presuming affordable rental housing for families living below 60% of the family medium income threshold. I'd like the

close by thanking FHFA, Fannie and Freddie for your time and attention and we look forward to providing further feedback and evaluation process as well as working with you. Work closely on the development of these market plans. Thank you.

Jim Gray: Thank you, Agatha. Well, we're a few minutes ahead of schedule and our break is not scheduled for two more minutes. I think what we'll do is see about taking the first speaker or two. In the next market, we've now concluded the affordable housing preservation market, so turn into the manufactured housing market. Our first scheduled speaker is Dave Anderson from the National Manufactured Homeowners Association.

Dave Anderson: Hello, thank you. My name is Dave Anderson as executive director, I offer these comments on behalf of the National Manufactured Homeowners Association. NAMOA exist to promote, represent, preserve and enhance, raise an interest of people living in manufactured home. We are also one of the national partners in the Innovations in Manufactured Homes or I'M HOME Network. The Safety and Soundness Act of 1992 as amended by the Housing and Economic Recovery Act 2008, requires the enterprises to serve very low, low and moderate income families in the unreserved manufactured housing residential financing market.

It is a sizeable market with over 17 million Americans living in manufactured homes. Manufactured housing has the potential to serve an even larger market extremely well given that the cost of purchasing a manufactured home is far below the cost of purchasing a title home. 68,000 versus 276,000 in 2015. In fact, serving the manufactured housing market also has the effect of serving the rural housing and affordable housing preservation markets, given both the level of affordability, as well as the broad use in rural America of manufactured housing. Before regulatory activities related to manufactured housing that are outlined in the final rule, you identify the critical issues confronting the market.

However, to address these issues, the activities must be pursued in a robust manner

that brings full parody of service to manufactured housing. For example, 88% of new manufactured homes are titled as chattel, even though 66% are located on privately owned land. Despite presenting the same collateral assets, a safe built housing most manufactured homes started on private land are considered chattel and are subject to the terms of traditional chattel loans, which includes rates as high as 9-10% and terms as short as 7-18 years. The enterprises should take reasonable steps to increase the support for manufactured homes whether titled as real property or personal property, such as one. Cooperating with the USDA's 502 energy efficiency manufactured home pilot program, which replaces older homes and manufactured housing communities and is set up to operate in California, Minnesota, New Hampshire, Oregon and Vermont.

Two, supporting home loans and manufactured housing communities with mission-oriented owners that offer longterm security such as resident-owned cooperatives, community land trusts, nonprofit organizations and public housing authority. Three, covering both double width and single width homes. With more than 2.9 million households that own their homes but rent a pad in the 50,000 plus manufactured home communities. The enterprises should support blanket loans for community purchases by residents, nonprofits and government instrumentality, as well as purchases of communities that provide sufficient pen and pad lease protections. The proposed rule creates a good basic framework with protection that address renewable lease terms, rent increases and payments, unit sale and sublease rates and advanced notice of the planned sale of the community.

However, the 30-day notice of land increases and the 60-day notice of community closure are both inadequately short. Most states mandate by statute notice periods and most require a minimum of 60 days for rent increases and 12 months for a community closure. In addition, there should be a system established for home owners in new communities to report violations of these pad lease requirements without fear of retaliation for addressing these violations with the community owner or others. Including affirmative protections for homeowners to speak and associate in furtherance of their rights under these requirements. Working with All Parks

Alliance for Change, the state association of Minnesota's manufactured homeowners for 10 years. I witnessed many attempts by community owners to avoid legal requirements of other kind that were imposed on them and the important role homeowners can play in promoting accountability when their action serving essentially as whistle blowers are supposedly protected. Thank you for your time.

Jim Gray: Thank you very much, Dave. Our next speaker will be Paul Bradley from ROC USA.

Paul Bradley: Good afternoon, everyone. Thank you, Jim. This is Paul Bradley and I am the founding president of ROC USA. ROC stands for Resident Owned Communities and we serve nearly 200 resident owned communities and 12,000 home owners in 14 states across the country. I have personally a 25-year history with the land lease community sector. I began working in this field in 1988. I've worked with homeowners in mobile home parks and manufactured home communities. I've helped them purchase their communities as co-ops, I've been doing that since 1988 with a few brief interruptions. During that time, I also launched a chattel or home only mortgage finance program, that today had succeeded $50 million in originations and has one of the best loan performance rates of studied manufactured homes finance programs in the country.

I also oversaw the development of a 44 site land lease community with all Energy Star rated manufactured homes in the 2000s. I come to this with experience in most segment of the industry and I want to focus my comments today on two regulatory activities of the GSE's chattel finance, as well as MHC finance for resident-owned communities. First, in terms of a chattel pilot, I want to thank the FHFA for including the opportunity for chattel pilot in the final rule and in discussions with the GSE, their interest in exploring opportunities in that sector. I firmly believe that there are extraordinary land lease community operators who make for excellent opportunities for home only or chattel financing and are communities in which home owners enjoy longterm security and where a chattel lender can find safe and secure lending opportuni- ...

Paul Bradley: ... That a lender can find safe and secure lending opportunities.

I can tell you that some of these community operators have been operating with the Freddie Mac lease that was instituted in the mid two thousands, 2005, 2006, in a program that was launched by Freddie Mac. Some of those operators have been operating those leases for ten years as they were implemented and report that they are operating under those leases fine. The leases have worked.

There are ways for the GSE'S to do home lending in land lease communities. I think that it cannot only reposition those communities and serve homeowners well, but I actually believe that it can unleash the production and development of new communities. Access to decent financing that mirrors the residential market will attract buyers to this housing stock and open up affordable housing opportunities for developers as well as homeowners.

So I think I want to talk about the lender's community or resident owned community finance component of the regulatory activities mentioned. I specifically want to address how the GSE'S can support in the language of the FHFA final year, and support a secondary mortgage market for resident owned community loans. These are the underlying commercial financing's that the homeowners corporation uses to acquire the land.

I strongly believe the best way for the GSE'S to support the resident owned community market is to go back to what Fannie Mae was doing in the early and mid-two thousands with the America's Community Fund or ACF. This was essentially loan product being loaned to the community development financial institutions or CDFI's. It's simply not going to be worth people's time to try to bring the GSE'S into highly leveraged residential communities or co-op acquisition loans. If we are going to serve low income neighborhoods and low income land leased communities, where, through resident ownership, is going to be through a model of low share value cooperatives or limited equity cooperatives. The loan to value on the

purchase of the land generally exceeds one hundred percent of Roc USA capital, the CFI subsidiary of Roc USA. It's unrelating criteria is one hundred and ten percent LTV. It's unrealistic to think that the GSE's can meet that market need. In the future, the way they do that is by supporting the CDFI that has experience in this market through balance sheet financing's like the ACF of [inaudible 01:23:33].

However at the point of refinancing, when the resident's owned communities master loan or first mortgage is at a seventy five LTV, there's no reason, in fact it's been done most recently by Freddie Mac, the financier then calls for a co-ops of the loan at refinancing when the LTV is conventional market ready. We see our responsibility at Roc USA to prepare our borrowers for eventual habit market capital take out. It is why we manage our portfolio and get coverage and replacement reserves and escrows as carefully as we do. It is to prepare them for the private commercial market. That is the best financing that is available in the market and it's financing we should be preparing them for.

By supporting CDFI's that have experience in this space, the GSE's will in fact be creating a secondary market for lock loans and doing it at the point of refinancing.

CDFI lending is not risky lending. Recognize that all CDFI'S that I am aware of, the equity ratio is fifteen to twenty percent and often higher. Roc USA Capital has an equity ratio of a minimum covenant of twenty percent and today it is closer to thirty percent equity. That is with no loan losses in this space of our thirty two year history, dating back to the New Hampshire community loan funds portfolio.

Lending to a balance sheet of a CDFI is safe and secure lending. It's been done before by Fannie Mae. It can be done again. And it is the best way to support this market and these low income borrower groups.

I look forward to continuing to work with the GSE's as they get through the final rule and I thank you all for your time and attention.

Jim Gray: Thank you Paul. At this point we are at our break time so we're going to take a ten minute break and then we will resume with the remainder of the manufacture housing market. Our first speaker will be Carolyn Carter from the National Consumer Law Center. We will start promptly at 2:40 pm ...

Jim Gray: When we took our break, we were mid-way though the comments on proposed content of the enterprises under certain markets plans for the manufactured housing market. We will resume that market and our next speaker is Carolyn Carter from the National Consumer Law Center.

Carolyn Carter: Thank you. This is Carolyn Carter. I am an attorney and deputy director of the National Consumer Law Center. Our organization works on the behalf of low income and elderly consumers. For many years one of our focus areas has been manufactured housing and we're part of the "I'M Home" network. Today I am going to focus on tenant and borrower worker [inaudible 01:27:17] for the chattel loan pilot in manufactured home communities. But first I wanted to commend the FHFA for another element for duty to serve rule. And that is the requirement that in order to be eligible for credit for blanket loans; all manufactured home communities, either be owned by the residents, a non-profit organization, or a governmental entity or, have keypad lease protection. I commend the FHFA first for its recognition of the enormous benefits of resident ownership of manufactured home communities. Resident ownership not only stabilizes the community but transforms it. Second, I commend the FHFA for its stress on the importance of pad lease protections in manufactured home communities.

Turning to tenant protection for chattel loans on homes. These are very important, both for homeowners and for the success of the chattel loan pilot. If a manufactured home community does not provide land tenure security, the resident is at risk of loss and losing their home. The GSE is at risk of losing its investment.

I recommend that the FHFA start with the approach it is taking for blanket loan communities and look at those requirements and pad lease protections. First, my

recommendation is that financing on homes in manufactured home communities that are owned by the residents, governmental entities or a non-profit, should be eligible for a duty to serve credit, under the chattel pilot. These are safer and more stable in a hundred ways for both the homeowner and the GSE.

Second, financing on homes in other manufactured home communities, I recommend should be eligible, if they have robust protections, to ensure land tenure security, to prevent confiscatory rent increases, to protect against SNAP evictions, and ensure the right to sell the home in place and to protect against park closure.

These are important for blanket loans on manufactured home communities as well but they should be strengthened considerable for the chattel loan pilot. I think the chattel loans will probably be somewhat more risky and nothing will ...

Carolyn Carter: ... Would be somewhat more risky and nothing will ensure the chattel pilot's failure more effectively than park closures evictions and consistent [inaudible 01:30:09] increases.

Looking at the pad lease protections one by one, the first is a requirement of a one year lease that is renewable in the absence of good cause. This is perhaps the most important protection of all, particularly the requirement of renewal. Without this, homeowners have no land tenure security, they're at risk of arbitrary eviction at any time and state law does not fill the gap. 15 states impose no restrictions at all on grounds for termination or refusal to renew a manufactured home community lease and about 20% do not even prohibit non-renewal in retaliation against a homeowner who has joined a resident association or has exercised the right to complain about conditions to a public authority. Many of the states that impose restrictions on grounds for termination or refusal to renew a manufactured home community lease have so many loop holes that it is really ineffective.

The second pad lease protection is a 30 day written notice of rent increases. I commend the FHFA for recognizing the importance of rent increases. Confiscatory

rent increase can lead to eviction if the resident is unable to afford the rent. It is also a way that the equity in the home on which the lender is relying can be drained away. A 30 day notice requirement is insufficient. To protect lenders and homeowners there should be some restrictions ... some substantive restrictions on unreasonable rent increases. I recommended that the GSEs require the lease to spell out standards for rent increases. Of course, I'm not advocating for a ban on rent increases, parks need maintenance and improvement and prices go up but a lease could tie rent increases to the consumer price index and to other cost increases, for example. The alternative to insure that the chattel loan pilot is a success, the GSEs might consider giving preference to homes in states, there are about eight states, that have rent justification statutes or that prohibit unreasonable rent increases in manufactured home communities or the three or four states that have widespread local rent control.

The third pad lease protection is a five day grace period for paying rent and a right to cure a default in rent. These also protect both the homeowner and the lender as much of the value of the home will be lost if it's evicted from the lot. I recommend that in the chattel loan pilot you be more specific about the right to cure and specify that it should extend up to the point of physical removal of the home from the lot or physical eviction of the homeowner and that the homeowners should be able to exercise the right to cure by paying just the past due rent and court costs. Pennsylvania, for example, has a generally applicable landlord tenant rule that provides something along those lines.

The next set of pad lease protections for blanket loans communities is related to selling the home in place. I recommend that you adopt those for the chattel loan pilot and I don't have any additional suggestions with respect to that.

The final pad lease protection is a 60 day notice of any planned sale or park closure. For sale of the park, 60 days is an appropriate time period but it should be required 60 days before the sales agreement is final and binding so that homeowners have the opportunity to make a competing offer to buy the community themselves and turn it

into a resident owned community. This would not have to be a right of first refusal but just an opportunity for them to make a competing offer. With respect to closure of the park though, 60 days is wholly inadequate. The 18 states that require closure notice all require much longer notice. Half of them require at least a year and the rest require either six or nine months. FHFA should require to provide at least a year's notice of any closure or it should undertake the pilot project only in states with strong purchase opportunity laws, strong closure notice laws or other strong protections against closure.

I'd like to say a few words about borrower protections as opposed to tenant protections. These are other topics that your questions asked about. One of the questions relates to lost mitigation requirements. State foreclosure protections may include loss mitigation requirements but they won't apply to chattel loans because those don't go through the foreclosure process and some federal loan modification programs, most of which are expiring anyway, have excluded chattel loans. I recommend that the GSEs require loss mitigation standards to be built into the leases and I would suggest that you look at FHA's mortgage loan requirements as an example. I also recommend that the leases be required to prohibit self-help eviction so that the lender has to at least go through a judicial process of some sort such as a state replevin proceeding to remove ... to take back the home.

Finally, with respect to loan terms, I note that the HOPA Loans are prohibited, are ineligible but I recommend that you additionally build in an affirmative coefficient of the loan terms that HOPA prohibits. I recommend that you require the loans to affirmatively disavow the types of predatory loan terms that HOPA prohibits.

Thank you for considering these views and good luck with the chattel pilot.

Jim Gray: Great. Thank you very much Carolyn. Our next speaker is Michael Cummins from Skyline Investor Group.

Michael Cummins: Thank you for this opportunity. My name is Mike Cummins, I represent the owners of four properties that others may refer to as anything from trailer parks to manufactured housing community. Regardless of how others may perceive these properties the common denominator in each of these communities is the residents regard their property as their home, it's where they live. Some of these properties may not be as beautiful or be in a super upscale community or in locations others may prefer but the residents in each are happy to be there, they're comfortable having friends and family over to visit.

These residents do not have access to the affordable mortgages that other homeowners have, that are available to them. A person with a same FICO Score as someone buying a site built home may have to pay as much as $200 a month more for a home if they buy it in a community because they'll be charged plus a 10% versus 4%. This is because the interest rates are market driven and there are not as many lenders making loans. I believe there is significant discrimination to these residents merely because either one; they don't make as much money as needed to afford a higher priced home or two; simply because they're choosing to buy a home with a better value in their mind.

I would like to encourage the decision makers to include language that requires language to have some portion of their loans be made for manufactured housing rather than merely stating that lenders may make these loans. This would even the playing field for those residents who choose to buy a manufactured home. We have some communities with homes that cannot be distinguished from the site built tract homes. These communities have paved streets, curbs and gutters, the homes are set at ground level, they're parallel to the street, they have driveways and garages, minimum lot sizes of 600 square feet that are fully landscaped. The reality is these homes will never be moved. They're not mobile homes they are manufactured homes that are built under strict standards in a controlled environment and as a result are extremely high quality. The residents in these communities deserve the same access to lending [inaudible 01:39:18] funded by the US government as any other citizen that chooses to buy a more expensive home and in my opinion a home with lesser

value than a home in one of our communities. Thank you for this opportunity to express my views.

Jim Gray: Thank you Mike. Our next speaker is Tim Sheehan from the National Manufactured Homeowners Association.

Tim Sheahan: Good afternoon my name is Tim Sheahan and I live in a manufactured home community in San Marcos California near San Diego. I have been a volunteer homeowner advocate for over 20 years and am currently president of National Manufactured Homeowners Association which primarily serves residents of the 50 000 manufactured home communities in the United States

Tim Sheahan: The 50,000 manufactured home communities in the United States and as part of the CFID home network. I welcome and appreciate the opportunity to express my personal views on FHFA's duty to serve rule and make other suggestions to the GSCs for serving under certain markets. First, I hope to recognize that manufactured housing can constitute an opportunity to meet a trifecta of all three underserved market goals therefore warrant special consideration and extra credit points when considering the most cost effective for meeting the needs of our very low and moderate income citizens.

I hope you will also formally recognize that since adoption of the Housing and Economic Recovery Act of 2008, roughly 30 million people have reached retirement age at a pace that continues at 10,000 per day. The special and dramatic impact of the senior tsunami must be carefully considered when evaluating housing programs and meeting the duty to serve mandate of congress.

From my experiences in California alone, I have witnessed the best of manufactured housing done right and manufactured housing done extremely wrong. Successful scenarios have generally been accomplished by the political clout of manufactured home owners and the courage and resolve of local and state governments to provide necessary protections for homeowners. I am fortunate to live in a city that has

recognized the significant financial and emotional investment of those who own even mobile homes attached to someone else's land and has been an innovative leader in protecting the interest of both home owners. California has been a leader nationwide key protections through its mobile home residency law and mobile home parks act.

In 1970, my city of San Marcos had a population of less than 4,000 and was part of a dramatic manufactured housing community development boom of the 1970s, adding over 3,000 paths for manufactured homes, which lead to a more than doubling of the population by the 1970s. In many areas of California, home purchasers were lured away from metropolitan areas by the promise of a quiet, semi-rural retirement life style with low lot rents and elaborate amenities, which included clubhouses, community centers, swimming pools and spas, saunas, shuffle board courts, pool tables and card games, community kitchens, and in some cases tennis courts, golf courses, and fishing ponds.

Downsizing to a manufactured home also enabled them to enhance their financial eggs for their retirement years. Initially, stiff competition among various developers during the only time a true, free market situation existed in these communities commonly lead to very reasonable starting rents. In fact, I've been told that in my community, which happened to be developed by actor Ray Bulger from The Wizard of Oz and his partners, low rents were $50 per month as was often the case in other manufactured home communities in the area. As the communities filled with immobile homes, free market forces such as competition were lost and low rents for captive homeowners started to sky rocket in many areas of California.

Proactive homeowners organized and eventually achieved rent stabilization ordinances in over 100 cities or counties in California. These ordinances protected not only homeowners, they protected lenders, dealers and manufacturers as well while providing a fair return for community operators. They also helped fuel local economies by keeping more dollars in the pockets of homeowners to spend on goods and services. In some cases ordinances also provided incentive for operators to sell

to the residents of the communities or to nonprofit operators.

In San Marcos, the city even formed a financing authority to issue municipal bonds and also use redevelopment money to assist in converting seven land lease communities to resident ownership and four other to nonprofit ownership. State wide there are over 200 resident owned manufactured home communities in California. Conversion to resident ownership is ultimately the means for homeowners to buy their freedom and ensure security of tenure of their situation and maintain equity in their investment. Without proper consumer protection, homeowners have little homeland security of tenure and mom-and-pop operators have sold to Wall Street real estate investment trust and other corporate conglomerates, we see an Enron-ization of the industry where profit sharing corporate operators have pillaged and plundered our manufactured home villages, threatening the future viability of manufactured housing as the largest form of unsubsidized housing in the United States.

One such operator is Kort & Scott Financial, according to the website www.mhphoa.com. It has received roughly $410 million dollars in GSC backed loans to purchase or refinance manufactured home communities. Chad Thomas Hagwood of Capital One has been the loan originator in these transactions. That's more than coincidentally one of the Cordon Scott's partners, Michael Scott, but support for constructing $150 resort private residence in the Los Angeles just last year. It's outrageous that there aren't adequate restrictions on GSC backed loans to protect vulnerable home owners and lenders. I have a print out from one lender who has gone so far as to blacklist several corporation owners including Kort & Scott Financial, Tatum and Kaplan Financial, Killam Properties, Kingsley Properties, MHC/Equity Lifestyle Properties also because home loans in their communities carry such high risk.

I have a listing of 682 evictions processed by Cordon Scott Financial the past several years. I'll include that as exhibit two, as reported by this MHOHOA website. I also have a printout of Tatum and Kaplan Financial sales arm community mobile home

sales listing 115 homes for sale that they have seized in their communities at one point in time. That will be exhibit three.

There should be limits on rent increases following sales and manufactured home communities and CPI limits on annual rent increases. Lot rents are so closely connected to home value and the ability to make mortgage payments, agencies such as Consumer Financial Protection Bureau should be authorized track and limit lot rents in manufactured home communities and to impose windfall profit tax against communities exceeding reasonable rent increases.

Instead of giving money to enable some of the most aggressive and opportunistic operators to expand their oppressive empires, it would be far better to support acquisition of manufactured home communities by philanthropic non-profit operators, support resident purchase of these communities, or support nonprofit developers to construct new manufactured home communities. I especially want to encourage you to consider how GSCs could work with other federal, state and other local agencies along with interest groups and high profile leaders and foundations to create public private partnership opportunities that could develop whole new model of manufactured home communities or villages.

The tiny home movement has gained attention for short term housing needs and could provide a spring board for broader acceptance and support of new manufactured home villages. A first focus to consider could be a new type of 62 and older manufactured home village that could provide broader services than exist in 55 plus communities that are currently wide spread, especially in the Sun Belt states. Could there be a second Renaissance of manufactured village construction, especially in rural and semi-rural areas that could once again lure seniors from stick homes in the city, old conventional homes in small towns or from family farms to move and live in a new retirement communities with more amenities than manufactured villages have ever provided in the past. By getting people to downsize to manufactured home retirement communities, their previous homes would be made available to younger families in the workforce at a generally affordable price, closer

to where they work, and reducing their daily commute time on highways.

Offering amenity services such as basic medical care, transportation for those who no longer drive, shopping cooperatives to purchase goods at discounted rates, some form of meal service, entertainment, social activities, etc. would enable homeowners to age in place for the longest time possible before needing more intense and expensive specialized care. Manufactured home villages in rural areas could serve as a local medical clinic, senior centers, and quasi-nursing homes. Achieving support of renowned philanthropists and foundations could create public awareness of the value of this form of housing and help dispel negative stigmas and stereotypes.

New house model would also be great ... I don't know if I could have another minute?

Jim Gray: I'm sorry Mr. Ken but we have tried to stick pretty close to our 10 minute limit so you can finish your sentence.

Tim Sheahan: Okay. Well, I would hope we ... there would be an effort to reach out to [inaudible 01:50:13] entrepreneur such as, Warren Buffett, who owns Clayton Homes and seeks support of construction of new manufactured homes, retirement villages, as a way to meet this Duty to Serve rule. Thank you.

Jim Gray: Okay. Thank you very much, Tim. So, our final speaker in the manufactured housing market is Ellie Pepper, from the Empire Justice Center.

Ellie Pepper: Good afternoon. This is Ellie Pepper and I represent Empire Justice Center based in the state of New York. We are a statewide multi-issue, multi-strategy, public interest law firm focused on changing the systems in which poor and low income families live. We protect and strengthen the legal rights of people in New York state who are poor, disabled, or disenfranchised to system's changed advocacy, training, and support to other advocates in other organizations, and high quality direct legal service representation.

My role at Empire Justice Center is as regional coordinator providing technical assistance and oversight for legal services and housing counseling agencies that receive funds to assist homeowners in danger of losing their homes to foreclosure. My region consists of the Northeast and Hudson Valley areas of New York and includes large rural areas.

So, there are a number of ways in which housing counseling can be incorporated into the enterprises under serve market plans. For example, for each activity in the under serve market plan the enterprises are to include one or more objectives, which in turn must incorporate one or more of forced statutory assessment factors including outreach. Given the connection between how to prove housing counseling agencies and very low and moderate income home buyers. How to prove housing counseling agencies can be an excellent source of outreach to the underserved communities that are targeted by the Duty to Serve rule. And one in five recipients of HUD approved housing counseling currently live in a rural area.

I'm really pleased to see that the duty served rule includes a pilot channel manufactured housing loan purchase program and that's the main thing that I want to comment on today and I thank FHFA and the enterprises for giving me this opportunity to comment. In order for the Duty to Serve rule to adequately reach the manufactured housing market by including [inaudible 01:52:59] loans while at the same time insuring borrowers receive immediate consumer protection and fully understand the loan prior to taking it, duty to serve credit should been given on a pilot basis for enterprise purchase of channel manufactured housing loans that includes specified housing features including a pre-purchase counseling requirement. Many families in rural areas have limited choices for affordable housing and choose manufactured housing. Unfortunately, those who purchase manufactured housing are often taken advantage of and don't understand all the hidden costs included with channeled loans.

In Clinton County, New York, for example, manufactured home dealers had the

foremost role in financing the purchase of manufactured homes. This is because local banks and credit unions characteristically do not offer such financing. To further compound the situation local dealers promote one stop shopping for convenience. One stop shopping encourages purchasers to utilize dealer financing, dealer construction crews and dealer insurance brokers, and fosters an environment of turn key home ownership. Unfortunately, this turn key home ownership is provided without pre-purchase homeowner education or counseling and negatively impacts the cost of credit and the conditions of mortgage.

When channel homeowner's have asked us how to improve their housing counseling for assistants post-purchase, counselors often see that they have much higher interest rates than conventional mortgages partially due to the inherit risk associated with a channel mortgage and largely because of most channel homeowners were never educated about the home buying process pre-purchase. The homeowners never shopped around for home interest rates, loan terms and conditions, homeowners insurance, and so on. Furthermore, many channel homeowners facing foreclosure are forced to work with mortgagers who cannot entertain mortgage modifications or [inaudible 01:55:05] work out plans. One way to ensure that families entering into a channel loan have the ability to repay it and that they fully understand the ramifications of the loan and that the consumer receives counseling on the advisability of the loan. In fact pre-purchase counseling is already required under regulations acts of the Real Estate Settlement Procedures Act for high cost mortgages loans including certain channel manufactured housing loans. For example, those for less than 50,000 and with an annual percentage rate of more than 8.5 points above the average prime offer rate for a similar loan.

In requiring pre-purchase counseling for high cost mortgage loan, the Bureau of Consumer Financial Protection recognized that while loans with certain product features such as high interest rate may not be advisable for many borrowers. In some cases these loans will be the consumer's best option and that by working with a housing counselor the borrower would be able to make an informed decision on whether or not to take the loan. Similarly, the US Department of Housing and Urban

Development requires counseling for those applying for a HEPA mortgage. The homeowner receives a specific certificate verifying that the consumer understands the HEPA mortgage and the specific aspects of the mortgage were covered in the session with a HUD approved agency.

Requiring pre-purchase counseling will allow borrowers of channel manufactured housing loans to fully understand the products potential short comings and whether the loan is in fact a good fit. The enterprises should build upon the existing RESPA requirement for high cost mortgages and include all channel loans regardless of loan amount or APR in any pilot program that is created. The counselor should be provided by a HUD approved housing agency and include topics such as the difference between channel loan and a mortgage, basics of credit scoring and how defaulting on the loan can affect the score, budget development and ability to repay, and the rights and responsibilities when entering into a channel loan. Provide Duty to Serve credit on a pilot basis for channel manufactured housing loans for which the borrowers were counseled could greatly expand the potential scope of the enterprises support for the manufactured housing market while at the same time preparing the borrowers for successful, sustainable home ownership. Thank you.

Jim Gray: Thank you, Ellie. All right that concludes the input on the under third market plans for the manufactured housing market. In just a minute we're going to turn to the rural housing market, but before we do that I'm going to put in another plug that at the conclusion of this final market there will be an opportunity for everyone on the Webinar to post questions to the Duty to Serve team about something that maybe unclear from the final rule, or anything you have a question about from the evaluation guidance, or the request for input on a potential channel pilot, or anything else that you have a question about. The Duty to Serve staff at the General Housing Finance Agency will try to address your questions. This is not an opportunity to post questions to the enterprises just because the FHFA staff. So, we'll turn back that, but please be formulating your questions now.

And without further ado we will now turn to the comments from the stakeholders on

the proposed content of the enterprises under serve market plans for the rural housing market. And our first speaker is Agatha So, from the National Counsel of Lorca ...

Ms. So, are you still on the call available to speak? Yeah ... Thank you, Agatha. Mary Kinderthal is are next speaker and I believe Mary will be addressing the affordable housing preservation market.

Mary Tingerthal: Yes. Thank you, Jim and I apologize to the listeners that when we were talking about preservation I gave my rural testimony, so I will now give my testimony about our comments on affordable housing preservation. So,

Mary Tingerthal: ... On affordable housing preservation.

So again, I'd like to comment that on the underserved market plans, GFC should certainly be considering a strong partnership with housing finance agencies. In many cases, housing finance agencies came into existence in the early 1970's and were very involved throughout their states in the financing and support of much of the federally assisted housing that carries federal rental assistance with the actual properties. And in many cases like the state of Minnesota, those properties are often located throughout the state, including many of them in rural areas. So we have some overlap between the need for preservation and properties that are located in rural areas.

So, we do have some specific ideas about how the GFC's might partner on these activities. Properties that are of particular interest to us are those involving rental assistance under Section 8, and also under the USDA 515 program. It's important to note that the USDA program right now has many maturing mortgages so it's a particular concern to us at this time and many of these properties are quite small. So, low-income housing tax credits investments in those properties are something that can be thought about. These are again pointed out in our state qualified allocation plans, so for all HFA's those QAP's are a very important source of identifying where

there might be opportunities for the GFC's to look for tax credit investments if those activities are allowed that would also meet the underserved market test.

GFC's we would hope, could develop streamline funding for multi-family loans involved with preservation. We have had through the National Council State housing agencies, we did have a fairly lengthy conversation with Fanny Mae in particular about loan product that would fit with HFC. We were disappointed that we did not find a good solution there. But, we do think that's an area that warrants a longer look. What we found was that the GFC's were really focused on loan product that had a 15 to 17 year balloon with a 30 year amortization that fits really well with attracting owners who are interested in acquiring preservation properties, refinancing them, reconditioning them, investing in them, but then looking for an exit after 15 years. And frankly, we like to try to attract developers in Minnesota, particularly rural Minnesota where the commitment for the owner is really for a longer term.

So, we're really hoping that the GFC's will dust off and take a fresh look at the possibility of offering a fully amortizing product that would be similar to the FHA mortgage insurance product and price it in such a way that reflects the stability of these longer term owners. We know that you need to go to the securitization markets but we really think that we could work with you on examples of our pre-payment speeds and such that could really help you price the risk and the term risk appropriately. We also think that there's an opportunity for the GFC's to look at the possibility of being willing to buy loans for inclusion either in portfolios or in securitization of exiting FHA risk-share loans. So, these are loans that are actually insured by FHA but cannot be included in Ginnie Mae securities. So, many of these loans are on the balance sheets of housing finance agencies, they do provide insurance so a nice risk profile for the GFC's but not able to be included in Ginnie Mae securities today. So, we'd be happy to share more information about that product as well.

Finally, we think there may be an opportunity for the GFC's to look at some sort of

an intermediate term or bridge loan product that could be repaid via energy savings that would be used to finance energy efficiency investments in affordable multi-family developments. We have a number of initiatives in Minnesota where we work with property owners using an energy audit product through Bright Power where we identify items and have the owners understand what the payback period is on those improvements and it would be helpful to have a product where we could underwrite it such that the repayment ability would come from realizing those savings. That's something we'd be happy to talk more about.

Shifting for a minute to preservation on the single-family side. One of the things that we face, and I know not a lot of other states in the north particularly face is an aging housing stock. And again, there's a big overlap here with rural areas, we have a home ownership rate of over 70% in Minnesota and the median age of our housing stock is 41 years and many of those units are much much older and really in need of reinvestment to continue to remain viable. So working with HFA's to determine if there is a product that can be developed that could be originated through the lender network of HFA's and then brought together for sale to the GFC's would be very helpful.

Finally, and I mentioned this in my previous comments, we really encourage the GFC's to connect with, and leverage their work around preservation with a group called The Preservation Working Group which has been together for many years, is staffed and supported by the National Housing Trust which is a national non-profit. This group is a cross-sector nationwide coalition of affordable housing practitioners that particularly focus on the sometimes arcane world of preservation of federally assisted housing in particular. So, rather than reinvent the wheel we really suggest that the GFC's tap into that.

That concludes my comments and we're really happy to answer any questions, provide background information on whether we might have performance data or just actual origination data on certain products that have not had ready access to the secondary market so that that could be used as the GFC's begin to evaluate whether

they wish to include certain activities in their underserved market plans. So, either feel free to connect directly with us or with other housing finance agencies through the national council of state housing agencies.

Thank you very much for the opportunity, and we look forward to working with you in the next couple of months.

Jim Gray: Thank you, Mary! I'll be surprised if the enterprises don't take you up on that! Because it seems like a good offer. All right, our next speaker is Richard Price from Nixon Peabody. And we're on the rural market.

Richard Price: Thank you very much. My name is Richard Price, I'm a partner at Nixon Peabody, I work very significantly in rural housing and rural federal housing programs. Nixon Peabody works with lenders, with developers, equity providers in wide variety of rural urban and suburban and other programs across the United States, but I'm also essentially counsel for affordable and rural housing. And in that capacity, I'll be counsel for affordable rural housing is more than 300 members focusing on representing owners of affordable housing, affordable rental housing in rural America. And with that, I want to just thank everybody ...

Richard Price: With that, I want to just thank everybody at FHFA for this effort for putting out the regulations and putting out the duty to serve evaluation guide. This is, I think, an excellent effort and it certainly is well needed.

I would say a couple of things, maybe going into some of the ... Couple of detail points in the evaluation guide and a couple of other more general points. On the evaluation guide, I would just suggest a little bit more clarification about choosing particular activities.

As I read through it, it was sort of a little confusing. It almost reads as if one can choose certain activities in one of the three areas, manufactured housing, affordable housing preservation of rural housing, and I just would suggest clarification and that

[inaudible 02:11:00] should focus on each of those areas, rather than choosing between one or the other. They're, I think, big enough that they can do all of those things.

On the evaluation, there are quite a few metrics in there and I'm not ... Maybe I'm sort of lost on some of those details, but I do think one additional evaluation metric and if it's in there I apologize, but one would be the evaluation of performance post-implementation versus pre-implementation. In other words, is there an actual increase in [inaudible 02:11:39] credit in these underserved areas?

We may find that there is an issue with proper selection of qualifying the borrowers or maybe there are restrictions that maybe don't quite match the borrower population and there might need to be an adjustment on ... Underwriting criteria, but we may also find that we do have play of deserved borrowers out there. Presently, in rural areas that would benefit from the increased liquidity and at that point, I think, basically we should see at least for the first few years after implementation, we should be seeing an increase in volume.

Specifically, in rural areas, I appreciate the inclusion of 515, the USDA RD, rural rental housing, multi-family direct loan portfolio. That is, of course, part of the statutory focus. That is portfolio that is largely starting to expire. That is the mortgages basically are maturing. There really isn't a good substitute for that, because a lot of those mortgages have rental assistance contracts statutorily tied to those mortgages, but the real problem with the 515 maturing issue is that there isn't an additional financing available from rural development. At least not in the volume that we would need and one of the ... I think, perhaps clearly illuminated focuses for affordable housing, as well as rural, would be the preservation of that 515 housing stock. It's roughly an 11 and half billion dollar mortgage ... Eleven and half billion dollar portfolio of mortgages at this time and could use additional help.

One of the tools that USDA has is in section 538 guaranteed loan program, that is mentioned the preamble to the regulations, but I did not see that and certainly I think

it should have a significant place in the evaluation guide and it's because, essentially, working with that program and essentially weaving it into the existing programs you can be treated like ... Almost like a Fannie Mae DUS kind of a product. Then, that could be very productive.

The guarantee can be essentially pulled off and can be used with specific loan products that you might otherwise be available. I think utilizing that gets you to satisfying a significant and deep role component in and of itself.

As far as the other programs that could be used, I would also suggest that the guidance consider the HUD [inaudible 02:14:48] loan with sharing program when it ... Hopefully it's when not if, but when it's implemented fully and I would also, basically, like to note that groups let the preservation working group, which was just mentioned is an excellent group, but I also would just say that we have some excellent non-profit developers and investors, but also excellent for-profit developers and investors in rural areas and they, I think, work best if they work interchangeably. So, I would suggest that this sort of an effort that you're currently undertaking. So, some feedback from across the spectrum is extremely useful.

I have clients that are both for-profits and non-profits and I think they will all be able to well utilize these additional tools.

Thank you very much.

Jim Gray: Thank you Richard. All right. Our final speaker is Angie Wills from the River Center Community Development Corporation. Ms. Wills, I understand that you don't have a webinar so I don't know if you have a timer there. You can time yourself for 10 minutes, but I will ... If you get to the nine minute mark I will give you a verbal indication that you have one minute to go. Okay?

Angie Wills: Okay. All right. Wonderful. Can you hear me?

Jim Gray: Yes ma'am.

Angie Wills: Okay, wonderful. I'll be very brief. My name is Angie Wills and I represent River City Community Development Corporation, which is a community based organization located in rural North Eastern, North Carolina. River City Community Development Corporation has been serving underserved communities in rural North Eastern, North Carolina since 1990. We have been dedicated to providing strong leadership through the implementation of program and initiative that provide affordable housing, economic and workforce development, and youth empowerment.

We are a HUD-certified housing counseling agency and we have been successful in completing development work since our inception. We have completed a 17-unit single family housing division ... Subdivision that was all first time home buyers. Which was about a 1.1 million dollar project. Then, again, in 2001, we have developed 48 units of senior family housing for elderly residents, ages 65 years and older. Most recently, we developed a 7,000 square foot incubator that houses underserved small businesses, providing technical assistance and counseling for businesses sustainability and vitality.

River City Community Development Corporation also operates a federal youth [inaudible 02:17:48] program that works with opportunity youth who seek an opportunity for a better life for themselves and their families. Through our youth [inaudible 02:17:58] program we provide housing rehabilitation to low income and elderly residents within our region and we're now currently rehabbing a home that will be a homeless shelter for our youth participants. In addition to benefiting youth participants, our program also increases the supply of permanent affordable housing for homeless individuals and low income families in our communities here in rural North Eastern, North Carolina.

Again, I would like to take the opportunity to thank you for giving us an opportunity to speak, but I just have a couple of recommendations and things to be considered

for the plan and that is a greater investment into grassroots housing counseling agencies who lack operating dollars. However, our impact in our community has been really great in our community. More specifically, related to foreclosure and delinquency. In addition to accessing to entry level training for youth that become more involved in issues related to housing in rural communities. More specifically as our young people are invested in our community through thousands of hours of community service work by rehabilitating low income housing in our community.

Then, more support for non-profit developers to create their long-term sustainability and also an opportunity to enhance public and private partnerships to encourage development of affordable housing in rural North Eastern, North Carolina.

Then, finally an opportunity to possibly create a rural consortium for an opportunity to collaborate on development projects for shared resources, such as architects, contractors, and gap funding. So, those are my recommendations and I, again, thank you all very much for giving us the opportunity to speak.

Angie Wills: For giving us the opportunity to speak

Jim Gray: Well we really have heard a lot of helpful perspectives today. We appreciate all the time that people put into preparing your remarks and spending time with us on this webinar. I think most people know at this point that this is the fourth and final one of our public listening sessions. Before today's sessions, we held public listening sessions, in-person public listening sessions at the Federal Reserve bank of Chicago, the Federal Reserve Bank of San Francisco, and then yesterday in person at the Federal Housing Finance Agency with our Director Mel Watt.

What we want to ask you all to do next is to schedule time now to download the underserved markets plan drafts that are proposed by Fannie Mae and Freddie Mac that you should see shortly after April 13th when they are due, and we hope that you all will offer comment on how you think those plans have hit the mark and where there's room for improvement. And then finally, I want to remind you all that we

also have a website, www.fhfa.gov/dutytoserve. We will also notify people via Twitter and LinkedIn. So, please follow @FHFA on Twitter and on LinkedIn. And with that we will conclude this webinar public listening session on the duty to serve.

Thank you all.

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