

Underserved Housing Markets & Opportunities Created by GSE Duty to Serve

Panel sponsored by FHLB Dallas (Silver Sponsor), Fannie Mae (Silver Sponsor) & Freddie Mac (Silver Sponsor)



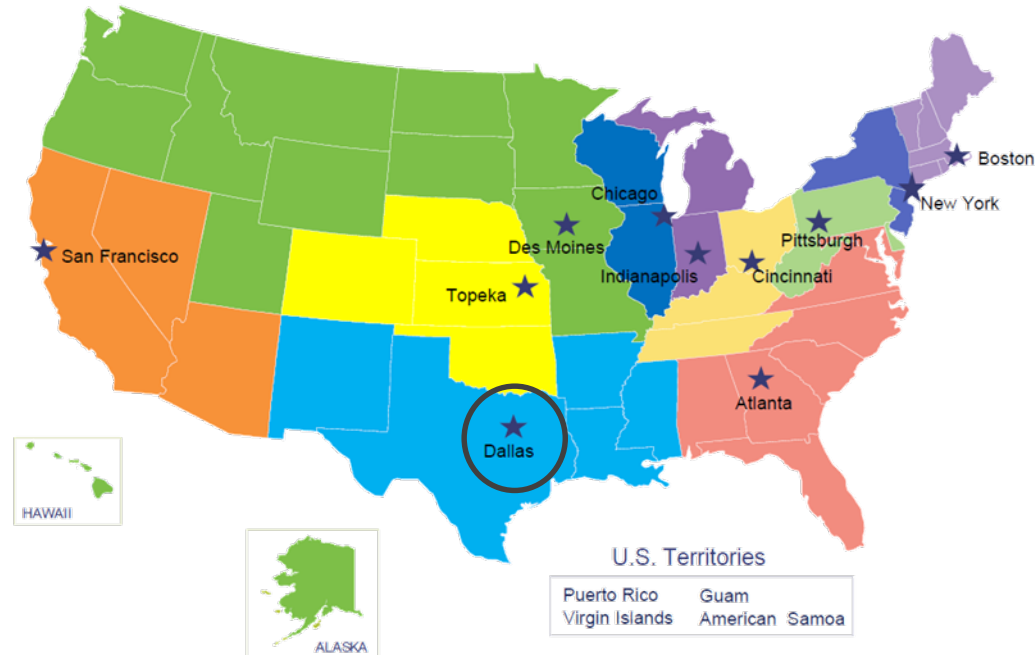


Member driven.
Community focused.

Federal Home Loan Bank of Dallas

About the FHLBanks

- FHLB System was created by an Act of Congress under the Hoover administration in July 1932
 - The System provides capital for mortgage funding during the Great Depression
- Organized as a cooperative and owned by our members and associated institutions
- The 11 Home Loan Banks comprising the FHLB System provide liquidity and funding solutions to approximately 7,000 members – approximately 5,200 banks and thrifts



Dallas Members:

Arkansas: 88

Louisiana: 128

Mississippi: 76

New Mexico: 44

Texas: 473

WHAT'S THE STATUS OF DUTY TO SERVE?



CDBA: PEER TO PEER CONFERENCE

June 4, 2019

OVERVIEW – DUTY TO SERVE (DTS)

- I. What is DTS?
- II. How could DTS help?
- III. What did DTS achieve in the first 6 months?



WHAT IS DTS?



PROGRAM OVERVIEW

KEY MILESTONES OF THE DUTY TO SERVE PROCESS



EVALUATION PROCESS

Step 1

- **Quantitative assessment**
- Determines pass or fail

Step 2

- **Qualitative assessment**
- Evaluates impact and implementation

Step 3

- **Extra credit**
- Upward adjustment for certain eligible activities

Rating

- **Final rating**
- Fails, Minimally Passing, Low Satisfactory, High Satisfactory, or Exceeds



DTS TIMELINE

3/16/2019

Enterprises submitted their 2018 Annual Report to FHFA

5/30/2019

Enterprises submit quarterly reporting (Q1 2019)

9/30/2019

Fall Modifications Submission

5/17/2019

Preliminary Scores (Step 1) of the Evaluation Process were completed.

6/30/2019

Impact Scores (Step 2) of the Evaluation Process are completed. FHFA computes a final rating for each underserved market



HOW COULD DTS HELP?



HOW COULD DTS HELP MANUFACTURED HOUSING MARKETS?



1. Open a single family market where units average cost is \$286,000 rather than \$70,600.
2. Refinance & competitive terms for chattel loans.
3. Options for residents of manufactured housing communities.

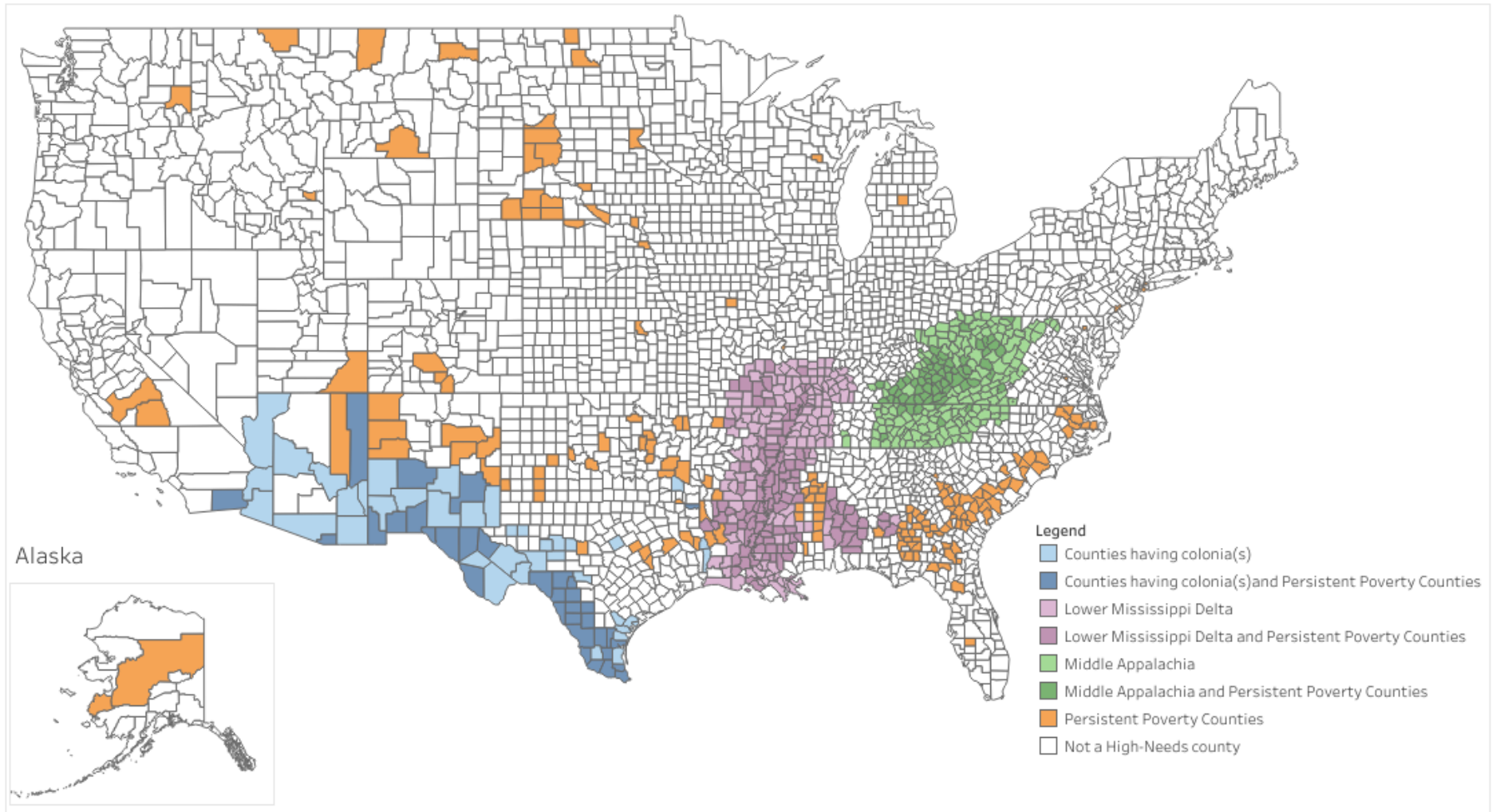
HOW COULD DTS HELP RURAL MARKETS?



1. Mortgage credit access more comparable to urban areas
2. Allow small lenders to move their loans into the secondary mortgage market.
3. Begin bringing mortgage credit access to High Needs Rural Areas.

HIGH NEEDS RURAL AREAS

2018 High-Needs Counties for Duty to Serve Purposes



HOW COULD DTS HELP PRESERVATION MARKETS?



1. Increase liquidity for preservation & rehab of traditional multifamily rental programs (LIHTC, Sec. 8, Sec. 515)
2. Increase demand for SF & MF loans that enhance energy efficiency.
3. Create loan products to purchase or rehab distressed single family properties.
4. Create a market for “shared equity” loans that preserve affordable homeownership.

WHAT DID DTS ACHIEVE IN THE FIRST 6 MONTHS?



Thank you!

www.fhfa.gov/dts

Jim Gray

Manager, Duty to Serve Program
Federal Housing Finance Agency

Jim.Gray@fhfa.gov

202-649-3124





Single-Family Duty to Serve Program Update

Brian Culhane
Single-Family Affordable Lending Sales Director

June 2019

A *Better* Freddie Mac

...and a *better* housing finance system

For families

...innovating to improve the liquidity, stability and affordability of mortgage markets

For customers

...competing to earn their business

For taxpayers

...reducing their exposure to mortgage risks

Product Innovations and Flexibilities



**Single Close on
Manufactured Homes**



Sweat Equity



**GreenCHOICE
MortgagesSM**

Coming!



CHOICERenovationSM

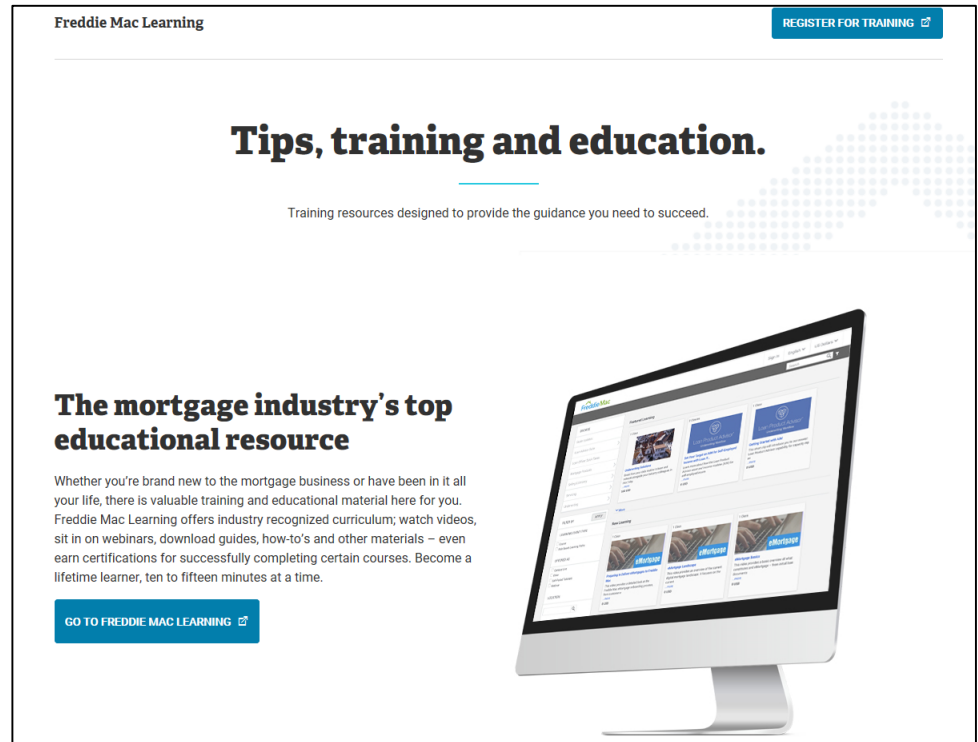


**Community Land Trust
Mortgages**

- Next Step[®] SmartMHSM pilot
- NextJob[®] re-employment services
- IMAGIN
- Standardization and securitization



- Potential homebuyers
- Housing counselors
- Lenders and appraisers



The screenshot shows the Freddie Mac Learning website. At the top left, it says "Freddie Mac Learning" and at the top right, there is a blue button that says "REGISTER FOR TRAINING" with an external link icon. The main heading is "Tips, training and education." followed by a sub-heading "Training resources designed to provide the guidance you need to succeed." Below this, there is a section titled "The mortgage industry's top educational resource" with a paragraph of text: "Whether you're brand new to the mortgage business or have been in it all your life, there is valuable training and educational material here for you. Freddie Mac Learning offers industry recognized curriculum; watch videos, sit in on webinars, download guides, how-to's and other materials – even earn certifications for successfully completing certain courses. Become a lifetime learner, ten to fifteen minutes at a time." At the bottom left of this section is a blue button that says "GO TO FREDDIE MAC LEARNING" with an external link icon. On the right side of the screenshot, there is an image of a computer monitor displaying the website's content.

- Impact of energy-efficient features on home value and loan performance
- Manufactured housing consumer buying behaviors
- Potential effect of standardization on chattel financing
- Performance of home loans in high-needs rural areas
- Freddie Mac Rural Symposium



All for Home, All for a Better Future





Fannie Mae®

**Community
Development
Bankers
Association**

**Peer Forum
Tuesday, June 4,
2019**



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