



June 7, 2017

Office of the General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, D.C. 20219

RE: Duty to Serve Proposed Evaluation Guidance

To Whom It May Concern:

The Mortgage Bankers Association (MBA)¹ thanks the Federal Housing Finance Agency (FHFA) for the opportunity to comment on its proposed Evaluation Guidance under the Duty to Serve Final Rule (Final Rule) published in December 2016. MBA appreciates FHFA's efforts in developing a transparent framework that describes both the procedures Fannie Mae and Freddie Mac (collectively, the Enterprises) must follow in preparing their Underserved Markets Plans (Plans) and the proposed process by which FHFA will evaluate the Plans annually to produce a rating of the Enterprises' implementation and impact on each specified underserved market.

Duty to Serve requirements imposed on the Enterprises by the Housing and Economic Recovery Act of 2008 (HERA) represent a key element of the Enterprises' role in facilitating a broad, liquid, and stable national housing market accessible to all creditworthy borrowers. MBA supports FHFA's Final Rule as a positive step towards improving the availability of mortgage credit and affordable homeownership options in underserved markets. To this end, MBA believes that FHFA's proposed Evaluation Guidance is critical to the final implementation of its Duty to Serve requirements and ultimately to the increased liquidity and improved distribution of investment capital available for mortgage financing for very low-, low-, and moderate-income borrowers.

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, D.C., 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 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, 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.

According to MBA data, the United States will see 15.9 million additional households formed over the decade ending in 2024, consisting of 10.3 million additional owner households and 5.6 million additional renter households.² Consequently this demand will increase the need for all types of housing, including already limited affordable housing for very low-, low-, and moderate-income borrowers. MBA believes that manufactured home financing, affordable housing preservation, and additional rural housing opportunities can play a key role in providing both first-time home-buying opportunities and affordable rental options for consumers in these underserved markets.

MBA particularly commends FHFA for its employment of transparent information-gathering processes to engage industry stakeholders on provisions under the Final Rule by providing opportunities for public input at different stages of the Plan development and the evaluation processes. MBA also acknowledges the need for FHFA to maintain the flexibility to modify its Evaluation Guidance as appropriate during the Plans' three-year terms. This flexibility will ensure that FHFA and the Enterprises are able to adjust for any unanticipated obstacles or opportunities caused by significant changes in market conditions or safety and soundness concerns that arise during the three-year term of a Plan. This flexibility is also critical to mitigating potential market distortions that can occur if unexpected events impact elements of the original Plans.

FHFA has taken an important step toward increasing access to credit and mortgage liquidity for underserved markets through the finalization of its Duty to Serve requirements. This work represents a critical element in the creation of access to affordable mortgage credit for many homebuyers with limited financial options, and for affordable rental housing finance.

MBA welcomes the opportunity to work with FHFA and the Enterprises to further improve programs to ensure loan quality and the establishment of clear and consistent parameters for the Enterprises under the Final Rule. Should you have questions or wish to discuss these comments, please contact Dan Fichtler, Associate Director of Secondary and Capital Markets, at (202) 557-2780 or dfichtler@mba.org.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. O'Connor". The signature is fluid and cursive, with a long horizontal line extending from the end.

Stephen A. O'Connor
Senior Vice President
Public Policy and Industry Relations
Mortgage Bankers Association

² Lynn M. Fisher and Jamie Woodwell, "Housing Demand: Demographics and the Numbers Behind the Coming Multi-Million Increase in Households," Mortgage Bankers Association, July 2015. Available at: http://mba.informz.net/MBA/data/images/15292_Research_Growth_White_Paper.pdf.