

Based on comments received, has Freddie Mac made a decision to incorporate additional activities into its Underserved Markets Plan that will preserve the long-term affordability of Housing Credit properties that are currently in its Housing Credit portfolio, especially those that are nearing the end of their initial 15-year affordability periods and are going through the disposition process? In the past, the GSEs have argued that, under the terms of conservatorship, they are required to extract as much value as possible when disposing of Housing Credit assets. This can leave post-year-15 Housing Credit properties with depleted equity and capital reserves, which can make it difficult to preserve quality and affordability over the long term.

The Duty to Serve rule is a perfect opportunity to clarify the rules of conservatorship and encourage Freddie Mac to take the necessary steps to preserve the long-term affordability of those properties with consideration for the future financial and physical viability, especially as these properties age, for there are limited public resources and not all are able to take on additional private debt.

Could you talk about any efforts to develop new securitization and credit enhancement offerings for small multifamily loans originated by CDFIs and other small financial institutions? We understand how difficult it can be for lenders to originate these loans, particularly in rural areas. The relatively small mortgages on small multifamily properties — typically below \$3 million — make it very difficult for lenders to originate profitably after accounting for personnel, legal and other transaction costs. Due to the slim margins, these loans tend to be originated by smaller local banks with limited access to the secondary market, meaning they typically must hold the loans on their balance sheets. Does Freddie Mac have any new proposals to incorporate further activities into its Underserved Markets Plan to conduct research or develop products that incent primary lenders to provide long-term, fixed-rate and affordable loans for the preservation of the aging small multifamily properties?

Does Freddie Mac have anything under consideration to address properties in distressed, non-rural communities in its Underserved Markets Plan?