WHAT’S THE STATUS OF DUTY TO SERVE?

November 27, 2018
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

FHFA posts Evaluation Guidance

FHFA issues Non-Objections to Underserved Markets

Enterprises report on progress

FHFA submits evaluations to Congress

START

Enterprises submit Underserved Markets Plans

Enterprises implement Plans

FHFA evaluates Enterprises’ performance

FINISH

PLAN DEVELOPMENT (every 3 years)

PLAN IMPLEMENTATION & EVALUATION (yearly)
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

11/1/18
Modifications public input comment period closes

11/5/2018
FHFA publishes 2017 Data

11/30/2018
Enterprises submit quarterly reporting

12/31/2018
FHFA publishes modified Underserved Markets Plans

3/16/2019
Enterprises submit their 2018 Annual Report to FHFA
HOW COULD DTS HELP?
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

Legend:
- Counties having colonia(s)
- Counties having colonia(s) and Persistent Poverty Counties
- Lower Mississippi Delta
- Lower Mississippi Delta and Persistent Poverty Counties
- Middle Appalachia
- Middle Appalachia and Persistent Poverty Counties
- Persistent Poverty Counties
- Not a High-Needs county
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

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