AGENDA

NATIONAL ASSOCIATION OF REALTORS®
2019 REALTORS® LEGISLATIVE MEETINGS & TRADE EXPO
CONVENTIONAL FINANCING AND POLICY COMMITTEE
Wednesday, May 15, 2019
10:00AM – 12:00PM
Jefferson Room, Concourse Level
Washington Hilton Hotel

CHAIR: Seth Task (OH)
VICE CHAIR: Chris Read (IL)
COMMITTEE LIAISON: Melanie Barker (CA)
STAFF EXECUTIVE: Ken Fears (DC)

PURPOSE
To develop Association policy on conventional mortgage finance and lending; to establish and maintain liaison with secondary market agencies, private mortgage insurers, trade associations, and other entities involved in regulating, providing, and maintaining conventional mortgage financing and lending.

I. Call to Order & Opening Remarks
a. Welcome
b. Ownership Disclosure & Conflict of Interest Policy Statement
c. RPAC Update

II. Approval of 2018 Midyear Meeting Minutes

III. Presentation by Adolfo Marzol, Principal Deputy Director of the Federal Housing Finance Agency
Marzol is an experienced financial and risk management professional in the mortgage finance industry. Prior to joining FHFA, Marzol served for two years as Senior Advisor for Housing to HUD Secretary Dr. Ben Carson, where he advised on Federal Housing Administration and Ginnie Mae programs, as well as housing finance reform.

Marzol has over 30 years of private sector experience in mortgage finance, including senior-level positions at Essent, Fannie Mae, Chase Mortgage and Equitable Mortgage. Marzol's diverse background includes extensive experience in the areas of mortgage origination and securitization, mortgage servicing, credit risk management, financial management and reporting, policy and governance, and public policy developments related to housing finance. Born in Cuba, he is a graduate of the University of Florida and holds a BSBA in Economics and a Master's degree in Finance.

IV. Presentation and discussion of work group's proposed revisions to NAR's housing finance reform principles
NAR supports restructuring the secondary mortgage market to ensure a reliable and affordable source of mortgage capital for consumers, in all types of markets, to avoid a major disruption to the nation's economy that would result from the total collapse of the housing finance sector. Restructuring is required in response to the failure of Fannie Mae and Freddie Mac, which has been under government control since entering conservatorship in September 2008.
Click here for the full list of principles.

V. Presentation and discussion of work group's proposed principles for modernization of the Community Reinvestment Act
On September 5, 2018 the Office of the Comptroller of the Currency (OCC) published an Advance Notice of Proposed Rulemaking (ANPR) for industry discussion and feedback on ideas that would substantially change the Community Reinvestment Act (CRA). Supporters of these changes say they are needed to bring the CRA into the 21st century where banks have a larger presence on line with less physical presences in communities. Opponents of the changes say they will harm the communities where the CRA is intended help.

The CRA was initially passed in 1977 and is intended to ensure banks are meeting the credit needs of communities where they have a physical presence (such as a branch), in particular, low- and moderate-income areas (LMI). The CRA would prevent banks from taking deposits in LMI communities and then making loans in non-LMI communities. In passing the CRA Congress established that:

- Banks are required by law to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business.
- The convenience and needs of communities include the need for credit services as well as deposit services.
- Banks have a continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.

When a bank wishes to apply for any additional branches, mergers or acquisitions their regulator will take their CRA score into consideration. Statements by both Treasury Secretary Steve Mnuchin and OCC Comptroller Joseph Otting make it clear they believe the CRA is overly burdensome on lenders making it difficult for institutions to meet the CRA requirements. Additionally, the OCC believes the CRA scoring system does not accurately reflect how banks are meeting communities' needs in today's electronic banking environment.

C.A.R. policy on the CRA is limited to supporting small lenders not being held to the same standards as larger lenders. Beyond that C.A.R. does not have policy specific to the CRA.

VI. Staff presentation on developments in housing finance legislation

VII. Staff presentation on developments in housing finance regulation

VIII. Staff presentation on NAR's "Vision for Housing Finance Reform"
NAR has developed a new vision for the secondary mortgage market that will promote a reliable and affordable source of mortgage capital for American consumers.

After the financial crisis in the American housing market left Fannie Mae and Freddie Mac (the Government Sponsored Enterprises or GSEs) in financial trouble, the Federal Housing Finance Agency moved to place the GSEs into conservatorship. Today, more than a decade later, the financial crisis is long over, but the GSEs remain in conservatorship.

The National Association of REALTORS®, in collaboration with Susan Wachter, the Albert Sussman Professor of Real Estate Finance at The Wharton School of the University of Pennsylvania, and Richard Cooperstein, head of Risk Management at Andrew Davison and Company, Inc, has developed a new vision for the secondary mortgage market that will promote a reliable and affordable source of mortgage capital for American consumers.

The vision includes:

- Leveraging reforms and innovations implemented since the crisis while completing the process with instrumental updates for a fully functioning liquid market.
- Promoting competition in the secondary market through proven structures to correct market failures.
- Preserving the 30-year fixed rate mortgage and focusing the mission on liquid secondary markets for Middle America and underserved borrowers.
- Minimizing the cost to consumers in normal and stress periods while maximizing access for creditworthy borrowers.
- Protecting taxpayers by using private capital.
- Maintaining simplicity in the transition while avoiding market disruptions.

IX. Questions, Answers, and New Business

X. Adjournment