

# Freddie Mac Single-Family Home Starts Here Podcast Episode Transcript:

## Freddie Mac Addresses Industry Challenges Due to COVID-19 Pandemic

**Announcer:** Welcome to the Freddie Mac Single Family Home Starts Here podcast. Your connection to all the latest industry trends, insights and points of view on the mortgage market from Freddie Mac leaders and other industry experts.

**Liz:** Welcome to this edition of Freddie Mac's Single-Family Home Starts Here podcast. This is your host, Liz Mugavero. And I'm sitting down today with Danny Gardner, our Senior Vice President of Client Community Engagement. Welcome, Danny!

**Danny:** Good Morning, Liz.

**Liz:** How are you doing today?

**Danny:** Doing very well, as a matter of fact, just getting adjusted like most of the country to remote work and, you know, thinking about how we can help support our clients in the community and the crisis that we're facing right now.

**Liz:** Absolutely. It's definitely some challenging times. So, before we jump into the challenges that we're here to discuss today, most people in the industry, Danny, know you for your role as leader of our affordable lending and access to credit area for the past few years. But today, you're joining us in a new role. So, can you tell us a little bit about that?

**Danny:** Absolutely, so as you mentioned, I've had the pleasure for the last five years of leading Freddie Mac's effort in the Single-Family space around affordable lending and access to credit, and recently got the unique opportunity to assume leadership of all of our client facing resources. So very excited and bringing the teams together and now I see it is filling out the continuum between the community and clients in a way that we sort of bring the whole ecosystem together towards creating sustainable homeownership. And I think the crisis today is a good representation of the alignment that we're gonna need to have between all the resources to really make sure we continue to promote and retain homeownership.

**Liz:** Absolutely. These are really interesting times for the world at large, but especially for the mortgage industry. So, this is what we want to chat with today, because our clients and our partners are undoubtedly facing a lot of challenges. So, let's jump right in. The industry effects of Covid-19 have been widespread, obviously, but Freddie Mac's response has been swift. So, what immediate changes should our clients be aware of?

**Danny:** First of all, let me just say, you know, that the great thing about the mortgage industry in the mortgage business is it's a very interpersonal business that relies a lot on human to human contact. You know, whether it's having a homeowner be shown their home by a real estate professional entering somebody else's house in order to evaluate whether they'd like to purchase that home. It has to do with appraisers, you know, being able to go out on site and inspect properties in person

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and give a good evaluation. We have title companies that sit across the table from consumers and explain all the documentation that they're signing, but also ensure that they have clear lien and title to the property. And of course, then we need our county recorders to record those liens and perfect titles. So, there's a lot of human to human interaction in our industry and that's all being massively disrupted by the virus and the fact that we all need to retain and maintain social distancing. So as a result, we're starting to see, you know, some impacts in the economy. We have, you know, the first signs of joblessness and people filing for jobless claims. And we know there are going to be impacts to consumers and to industry professionals as it pertains to addressing the virus. So, the first thing that we wanted to do was we wanted to get on top of, you know, helping families who are being impacted. As I mentioned, those who may be losing their jobs or maybe, you know, getting their hours cut back, you know, suffering a loss of income as a result. Or maybe they just need to step back from their day to day role because they need to provide care for a family member who may be impacted or children that are no longer able to attend schools. So, we wanted to come up with some solutions to help anyone impacted directly that may be suffering a lapse in income and inability to make their mortgage payments as they have in the past. It's also important to note that, we want to help everyone, regardless of whether you're financing a home in which you live in as of your primary home, maybe you have a second home also, you know that if you're unable to maintain your normal payments as a result. So, we have solutions that we have offered for both scenarios. There are options out there that are servicers can take advantage of that can give up to 12 months of relief for families that are impacted. As I mentioned above, and we've directed them to suspend late charges and other types of fees related to the servicing of mortgage loans. I mean, there's other latitude that we've provided to servicers. So, servicers may take full advantage of our solutions and may have other solutions, especially for loans that they may be servicing for other investors that are not Freddie Mac owned loans.

But we're also asking our servicers to suspend reporting to credit bureaus for past due payments or persons affected. So those are just some solutions that we've brought to bear already in the market as it pertains to families. And we continue to find other opportunities and solutions to work on that. Our clients may note an escalation in the number of communications that they see from us over the next few weeks because we're constantly looking for opportunities to support and help. And I also want to note that we're working in concert with our regulator, the Federal Housing Finance Agency, in order to find appropriate solutions.

**Liz:** Yeah, absolutely. As you mentioned, there's been great partnership with FHFA and just really within our organization to come together and get all of these things in place so quickly, because it really hasn't been that long since things started to really ramp up with this crisis. So, I think we've done a great job putting things into place to start helping people as quickly as possible.

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**Danny:** Yes, the world has changed dramatically in the last couple of weeks and it's been quite amazing.

**Liz:** Absolutely. So, you did a great job walking us through all of the steps. I'm going to go in a quick summary of where people need to actually interact with each other to come together and get a mortgage completed or closed. So, can you talk a little bit more about some of the challenges that lenders and homebuyers are facing, that social distancing is shining a spotlight on? So, you know, for example, can we start thinking about doing more with e-mortgages to try to help closing still occur during this time?

**Danny:** Absolutely. No, that's a great point. And as I mentioned. Earlier, you know, the mortgage business and the mortgage process and the home buying process has been highly interpersonal activity.

**Danny:** What I also find very serendipitous, if I could use such a lofty word, is look at all the technological investment that we've made as an industry over the last five or so years. And I often think about like, wow, had this happened, you know, five years ago, it would've been a much different ballgame in terms of our opportunities to help bring solutions to the table and really try to keep this industry going in the remote manner that we're fully capable of doing so today. So, you know, I mentioned certain things as barriers that we're starting to note from talking to our clients about their ability to continue to function and manufacture close and sell mortgage loans. So that some of the early things that we've heard about were: one, third party verification, so whether that's a verification of income, verification of value, or verification of clear title. Those were some of the things that were immediately disrupted because as companies were forced to close due to social distancing or gubernatorial direction, getting in touch with employers has become more and more challenging. So, we have a number of people who are still gainfully employed. I think schoolteachers might be a great example of that, where, you know, the schools have closed, school teachers are working remotely. The administration of the schools are not coming to the schools. So, we're finding some challenges with actually getting verbal verification of employment from employers such as that. But we've come forward with some solutions that we've offered. One, we are allowing other types of documentation: so, a recent paystub or activity into a bank account. So back to the teacher example. If you can see that they're still receiving their income, that's as good as getting a verbal verification of employment. And we've noted that in our announcement. I'd also point to, you know, tools that we've brought to market recently, such as our income and asset modeler. Our aim tool. So, for our clients taking advantage of solutions such as that, they can rely on the third-party verification of income and get immediate rep and warrant relief as a result by using capability such as that.

The next one that I mentioned is appraisals. I can certainly understand why we've seen almost an immediate spate of either appraisers feeling like it's not safe for them to go out and enter a stranger's

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home in order to do a thorough inspection. And then also being true for the consumers themselves, the home sellers or the current homeowners trying to refinance their mortgage, you know, taking a risk of having a stranger enter their home and touch surfaces and potentially bringing, you know, the virus into their families. So, on that note, you know, we have offered solutions and alternatives regarding appraisals. So, there are instances where our clients can rely on an exterior appraisal solely. They can also rely on a desktop appraisal. And then, of course, you know, back to technology and tools offered by Freddie Mac. We have our ACE or alternative collateral evaluator that can be used in this instance. And we believe it has a great opportunity to help assist with the flow of mortgages out there, especially for this unprecedented onslaught of refinance volume by using, you know, the so-called appraisal waiver as a means of getting an evaluation, getting representation and warranty relief and not having to rely on an individual entering another person's home as a result.

So those are a couple of examples. You mentioned e-mortgages. You know, Freddie Mac has been on the forefront of offering the capabilities for e-mortgage. I know that's somewhat disrupted around the country. You know, based upon the local laws, jurisdictions, whether they are prepared for complete electronic closing and filing, certain of our clients may or may not have installed the capability, whether it's technical capability or training capability within their offices. But as we think about new solutions, as we weather the storm or frankly, whether we may be facing a similar storm in the future, now's a good time, we believe, for our clients where they can give some thought to taking advantage of some of these new technologies and new capabilities. And we continue to evaluate other options. Again, I mentioned our clients should expect more frequent communication from us, whether in person, from our customer facing teams or through bulletins and communications from our office. But we're starting now to look at solutions as it pertains to closing age of documentation. We know that's another issue and that perhaps paperwork where it's provided recently, but because of some of the issues with third party verification, the manufacturing process has to be slowed down. So, some of this documentation may age beyond what our guidelines have historically permitted. And we're trying to see if we can come up with more flexibility to that end.

**Liz:** Yeah. That's great, Danny. And, you know, as you said, this certainly just underscores the need for things to really start moving more to a virtual environment. It just really drives the point home that people need to have options to complete transactions, such as this. that don't need to be done in person. Right?

**Danny:** Right.

**Liz:** And I think all worth defending that concern over the past few years, reimagining the mortgage experience has laid a good foundation for that. So hopefully we'll continue to build on that as the years go on.

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**Danny:** I hope so.

**Liz:** So, let's shift gears a little bit and start talking about the affordable markets, which will certainly be greatly impacted from this crisis. So what resources are available for the people that are in those markets?

**Danny:** Addressing your question, we do want to make sure that people are aware that there are resources that, one, Freddie Mac has helped to support over the years and know to be immediately available. And there are other resources out there that we'd like everyone to be aware of. Because, again, we may have listeners who are hearing this message today about Freddie Mac solutions. But I want them to also know that there are other opportunities out there for help and support, regardless of who the ultimate investor of the mortgage loan might be.

**Danny:** So, keeping it to the Freddie Mac target for just a moment, I want to make sure all of our listeners are aware that we actually do have a consumer facing Web site, a resource. It's called My Home at FreddieMac.com So you can just go to FreddieMac.com and look for the link to My Home. And there is a litany of resources identified there for consumers, both in helping them to become homeowners or should they have challenges in maintaining homeownership, you know, due to issues such as the ones that we're discussing today. Also, there you can find a couple of other solutions.

You can find a link to the network of Freddie Mac borrower help centers and the borrower help network. So, this actually was a group of highly proficient non for-profit organizations that are embedded in communities around the country. I think it's worth noting that we established this borrower help center network during the last financial crisis and recession and selected these organizations as our partners based upon their capabilities to address these types of issues. So, they are organizations whom we have a very high level of confidence and great partnership. So, you can find links to our help centers or the Borrower Help Center Network, which is a 1 800 number that can help you telephonically, you know, anywhere you're located throughout the country.

So also, while you're at FreddieMac.com. You can also link to the Credit Smart Homebuyer U. This is a recently revamped and fully modernized homebuyer education curriculum supported by Freddie Mac. There, you actually can learn more about resources that can assist you if you're having problems maintaining your mortgage at normal rate. If you're just wanting to brush up on your knowledge of homeownership or other financial capabilities, we also have the credit smart financial capabilities course there. I mean, I point that out, as you know, many people are at home and you're probably spending a lot of time on Netflix or finding other opportunities to, you know, keep the family engaged.

And so, we want to advocate that you know, it's always a good time to brush up on your financial capabilities. And that solution is there for you as well.

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So then outside of the Freddie Mac dot com environment, I also want to point out a few other resources where families can be directed to learn more about solutions and get help. So, it's worth noting that we recently worked with the Federal Housing Finance Agency and Fannie Mae to launch <https://www.fhfa.gov/MortgageTranslations>. So that is a Web site that has a translation of not only origination documents, but servicing documents. And currently they're all out there in English and in Spanish and in traditional Chinese. As it turns out, in about a week we will be launching the Vietnamese version of those documents. So, if anybody is working through the process and having to contend with paperwork and there's any need for a translated document to make sure they have better understanding, we want to make sure everyone is aware of that resource. HUD, also the Department of Housing and Urban Development, which is a parent of the FHA mortgage program also has resources out there, and so there's actually a 1 800 number 1 800 CALL FHA., which is 2 2 5 5 3 4 2. Families can be directed there to learn about other community resources. I mentioned the network of Freddie Mac Borrower Help Centers, but it just so happens that there are over two thousand HUD approved counseling agencies out there who can assist people with their needs. And in fact, HUD has stood up its own Corona virus Web site. That's [hud.gov/coronavirus](http://hud.gov/coronavirus). If you would like to read and learn more about it there. CFPB also has a site to help consumers with information as it pertains to all types of financial products. So, you could find that at the CFPB Web site. I believe it's [consumerfinance.gov/consumer-tools/mortgages](http://consumerfinance.gov/consumer-tools/mortgages). So, another resource available to everyone. And then back to the point of language and language need. I'd also like to call out, you know, there are two terrific organizations out there who provide language translation and support communities where English is not their primary language. The first one is Unidos. So, I would suggest people who have Spanish speaking needs or capabilities or have clients who have that, they can also be referred to Unidos at their Web site, [unidosus.org](http://unidosus.org). And then another organization called CAPACD, C-A-P-A-C-D. They have a housing counseling program and resource on their Web site to direct consumers for assistance. They have translation capabilities for over 30 languages, mainly those of, you know, the Asian and Pacific Island areas. And you can reach them through their Web site at [nationalcapacd.org/campaigns-initiatives/housing-counseling/](http://nationalcapacd.org/campaigns-initiatives/housing-counseling/) that will link you directly to their housing counseling capability. Although I'm sure you can find those links directly through their Web site.

**Liz:** That's terrific, Danny. And we'll actually make sure that we post the links that you just mentioned related to the podcast so that people want easy access to them. So I think the headline here is Help is out there. Right? And people just need to know where to look for it.

**Danny:** That's exactly right, Liz. In fact, it's interesting. You know, when we think about homeownership and we think about many things with our daily lives, we're on autopilot until something like this arises. And then we're often at a loss to know who to trust, you know, where to go for information. One, we know our clients are great trusted advisers, you know, they have helped families find their way into

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homeownership. I would also say the same for real estate professionals. I want everyone to know that we are doing our best to spread this word throughout those networks and make sure that we have alignment in communities about what resources are available and who can be trusted. We also know, despite the litany of other resources that we've offered there, I know there are many other local governments, housing finance agencies are a great resource and other social service networks. So I would say to anyone who is counseling borrowers or any consumers who might be listening to this broadcast, be informed before you go in and potentially, you know, trust someone who's trying to intervene and help you with this crisis, because as we have seen in the past and we're already starting to see, even as recent as this issue is, that we're already starting to see scamsters and fraudsters are reaching out to families representing that they are with, you know, organizations like Freddie Mac suggesting that they can be of assistance. But, of course, you know, they are asking for a private personal information. They're asking for Social Security numbers. They're asking for payment upfront. And as everybody knows, you know, an agency, an organization like Freddie Mac would never do that. Our clients would never do that. And so, you know, please advise your family, friends and your clients that should they be contacted by any resource who's offering help to find a trusted resource, perhaps such as the number that we've listed on this podcast to verify that that is truly a trusted form of assistance.

**Liz:** Absolutely. And, you know, as we're thinking about this, this really aligns with our mission. Right. So, our mission is to not only put people in homes, but to sustainably keep them there. And in the midst of this crisis, that's even more important to make sure people are able to sustain their homeownership and really get through this storm.

**Danny:** That's absolutely right. We were chartered almost 50 years ago. Stability is right at the heart of our mission. And so along with affordability and liquidity. So, we're not only here to purchase loans and provide home financing to the market, but we want to do so in a very stable way.

**Danny:** And I believe this environment and the actions that we're taking truly demonstrate are living up to that mission and playing out that role. And we just want everybody to know that we are here, we're open for business, and we continue to remain focused on that task.

**Liz:** So here are these changes. What is the top takeaway from your perspective, Danny, that you want clients and our industry partners to know?

**Danny:** So we want them to know that, you know, we are in this with them, that we recognize things have changed swiftly. We recognize that, you know, again, this industry is one that is highly reliant upon interpersonal transactions. And we are doing our best to address those needs at where they are brought to our attention. And we have the time to work through them in concert with our regulator and our policies. And so we encourage everyone to remain in communication, to reach out to us and expect us to do the same in reaching out to them. Stay tuned for multiple bulletins and

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communications that will continue to come out and be mindful of other resources available to them and their borrowers in the marketplace to be of assistance. Should people face challenges. This is unprecedented, and we have our leaders who are trying to address that in the best means that they can. And so, with that in mind, you know, we want to be as effective and as responsive as we can be. And can only do so, you know, with the engagement and communication with our clients and other stakeholders and communities.

**Liz:** Absolutely. We are here to help and we're, as you said, open for business. So, thank you so much for your time today, Danny. I know you are really busy, just like the rest of the organization, helping, helping our clients and our borrowers get through this. So, I think we can end there.

**Danny:** Well, thank you, Liz. We hope everyone is safe and healthy as we all weather through this storm together. And we just want to invite everybody to stay tuned as we learn more and are able to respond.

**Liz:** Thank you again for your time today, Danny, and for all of your listeners. Don't forget to subscribe to the Home Starts Here podcast wherever you listen to a podcast so you can keep up with any news that we have to share on the current crisis or any of our Single-Family updates in general. Thanks for listening.

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