



Bridge to Home: Innovative Homeownership Solutions

VO [00:00:09] Welcome to The Way Home, a Freddie Mac podcast series that explores the latest in mortgage solutions for today's dynamic housing market. Here, housing industry leaders will share insights and actionable strategies that you can put to work today to help make home possible. Let's get ready to dive in and to explore the complexities of the housing market with Freddie Mac.

Phil Treadwell [00:00:32] In this episode, Phil Treadwell, founder of M1 Academy and host of the Mortgage Marketing Expert Podcast talks with Danny Gardner, Senior Vice President, Freddie Mac Single Family Mission and Community Engagement about how Freddie Mac solutions, technology capabilities, and innovative product offerings are bridging the home ownership gap.

Danny Gardner [00:00:53] Absolutely. Great to be here.

Phil Treadwell [00:00:54] Well, I'm excited to have this conversation because as our audience just heard, your role is really to work with lenders and seller servicers to really adopt the products and programs and things that Freddie Mac has at scale. And kind of tell a little bit about what your role looks like in doing that and just building those relationships with the people that are taking these products to the market.

Danny Gardner [00:01:16] Oh, absolutely. So my role at Freddie Mac is I lead mission and community engagement. And what we're really trying to do is to help homeowners or help people become homeowners who otherwise may not have an opportunity to do so. So these may be individuals who don't really understand the home buying process, and they may not have the requisite savings, they may not have their credit or other household financial situation in an appropriate place that makes them eligible to be a homeowner today. But we want them to understand the benefit of that, we want them to feel very motivated by that opportunity. But more importantly, we want them to be successful in home ownership. So that really means caring for them everywhere from awareness to a deliberate education process, then taking advantage of other offerings that can help them with things like lack of down payment, such as down payment assistance programs, as an example.

And then we have products that are designed to work with those types of things, such as our home possible product, our HFA Advantage product. They were all explicitly designed to work with other sources of down payment or flexible sources of down payment that homeowners might have. And then on top of that, then we really spend a lot of time trying to empower an ecosystem. We go into local markets, we try to identify stakeholders such as real estate professionals, loan officers, down payment assistance



providers and other government agencies. Maybe it's a faith-based organization, and get everybody on the same page of what is the opportunity, what are the benefits, what are some risks of that? And then how do we all get in line to support those families who want to become homeowners?

Phil Treadwell [00:02:36] So essentially help people achieve the dream of home ownership.

Danny Gardner [00:02:40] Absolutely.

Phil Treadwell [00:02:40] Where did this start for you? I mean, we didn't raise our hand in kindergarten and say, "I want to be a mortgage banker whenever I grew up." So how did you end up not only in the business, but kind of progress to your role today?

Danny Gardner [00:02:50] Yeah, yeah, that's interesting. The economy goes in cycles, as we all know, and we all suffer that in the mortgage industry to be sure. So actually, I exited college during one of the down cycles. I graduated in 1991. It was on the heels of the oil bust, and I actually had gone through several rounds of interviews. I was an accounting major and I was going to go work for a Big Six firm, made it to the third round, and they shut the office down that I was applying for. So one of my friends that I met in college had moved off to the big city of Dallas and was working at a place, and I went down and just handed out some resumes and applied to a mortgage company, Lomas Mortgage USA, that's in the history books, unfortunately. But there, I got to learn the basic components of the industry, and I inherited actually a business that helped support housing finance agencies and their down payment assistance programs. I was about 24, 25 years old, and without dating myself, I've been at it now for almost 30 years.

Phil Treadwell [00:03:41] Nice. No, we won't reverse engineer any math at that point in time. So in terms of Freddie Mac, what are you excited about right now? Because there's a lot of negative media, there's a lot of the rumor mill and just talking about interest rates are high and supply is low, and all of these different things that are going on in the market about the economy or whatever. I want to shift that narrative. What are you excited about in terms of the market, even independent of Freddie Mac on the first part? And then we'll get to the Freddie Mac piece.

Danny Gardner [00:04:09] Sure. So before answering the question, I'll just say again, it's a cyclical market, and when you've been in charge of affordable housing for as long as I have, nothing's ever perfect. Nothing's ever in a great place to really execute upon that. There's always challenges that face individual families, as I started saying, who otherwise wouldn't become homeowners, and there's a lot of factors that could lean into that. So no, I'm really excited about the opportunity. I've been at Freddie now for a little



over eight years, and it's been a place where we've been very focused on, I would just say in general, how do we make things better? Better for our company, better for the industry, better for homeowners, better for our seller servicers?

And so a lot of that improvement, we've used technology, we've used big data, we've used innovation creativity, we've garnered feedback from all the stakeholders in the marketplace. So is it a challenge? Yes. It's actually a relatively unique one in that we just came out of a record low interest rate environment, which is actually keeping a lot of people from selling their homes, which is leaving a lot of lack of inventory in the market. So it's more a challenge for families to afford. Combined with a high rate environment, we are starting to see some of the monumental rise in home prices start to soften a little bit. So I would argue there's a bit more affordability at play here. And for those who have the capacity today, but who might be a little bit wary of the higher rate, well, the good news is the home value's coming down, you'll never be able to renegotiate that once you buy the house. But if you get in a home today at current rates, then you potentially will probably have the opportunity to refinance down the road. So you've got some flexibility there.

But on top of that, I mean, we're doing some really interesting things, again, like I said, through partnerships, technology and other tools that are really trying to better improve the process, make it more efficient, and make it more knowable.

Phil Treadwell [00:05:46] Yeah, that's a great point. Something you mentioned there is the dynamics that we have right now, there's a lot of cause and effect, but one of those being after financial crisis, if you will, or after the challenges that the market had in previous years, there was not a lot of new construction. There was not a lot of building because we had such a flood of supply of foreclosures and things of that nature. But we also had this resurgence of millennial home buyers. So we're in the position where we have one of the largest home buying populations in history mixed with one of the lowest percentages of supply in history.

Danny Gardner [00:06:16] That's right.

Phil Treadwell [00:06:17] As we're kind of navigating some of these newer challenges and it's continuing to grow and evolve, how important is it that Freddie Mac continues to come out with products for affordable housing, for continuing to get people excited about entering the housing market and purchasing homes and equipping lenders to essentially change that narrative in education?

Danny Gardner [00:06:38] Yeah, no, absolutely. No. Look, it's in our DNA, I mean looking at our logo behind us, we make home possible, and you might think of that as just a catchphrase. But seriously, I think we all take that to heart. We are the difference maker. So it is important that we're always out there trying to make that difference because but for persons like ourselves and other organizations such as our seller



servicer clients and all the stakeholders I mentioned previously, then we would be in a stale market. Families wouldn't be assisted, but our economy wouldn't be helped out as much as well. So no, I think it's vital that we continue to rationalize that there are opportunities for individuals to become homeowners. First of all, I would say too, I mean, let's be real, the 3% interest rate was a once in a lifetime, maybe once in history type of thing but it was addressing the pandemic. So we really don't want an environment to return where we see 3% rates again. That's not a positive, and so people just have to mentally get used to the fact that that's not a normal rate. I would also argue 8% plus where we are today is probably also not a normal rate, but I think that's where that education component really comes in. Certainly for our customers who are trying to keep production going today, it's hard to play the waiting game to be sure. But hopefully with a little bit of this excess capacity, we can all go back foundationally and really be more of education providers and really inspire families to become homeowners and do it the right way.

Phil Treadwell [00:07:55] Absolutely. I think it's a great distinction because at the end of the day, it is about education and understanding that there are opportunities in every market regardless of what's going on. And then how do you pair the buyer, the borrower that wants to participate and either doesn't know how or doesn't know if there's a spot to fit them, Freddie Mac providing those programs and products, and then the lenders and seller servicers being that intermediary, if you will.

Danny Gardner [00:08:16] Absolutely.

Phil Treadwell [00:08:16] If you would, talk about DPA One. That's a brand new product and everybody that I've talked to has been very excited about it. So tell us what it is and why everybody needs to get excited about it.

Danny Gardner [00:08:25] Yeah, absolutely. So taking a moment, I mentioned earlier my career began with housing finance agencies kind of into this space back in the 90s, and a lot of people don't even really understand what that is, especially you're walking around the street consumer. So we actually have our government, state, local, federal government who has funding to support home ownership, and they deploy that in many different ways, but largely it's in the form of some form of down payment assistance. But if you think about how our governments and our country are laid out in a patchwork quilt, you've got federal, county, state, municipal, sometimes you have combinations and consortia of each. It's really hard to navigate all of that. And so if you're a seller, a lender trying to serve clients with these types of offerings, you've got to figure out that patchwork. And of course, you may be very geographically focused, so the whole quilt, so to speak, is not going to be relevant to you. You've got to find your places. And that can be really challenging because all these programs function differently. And one thing clients will say to us a lot is, "Why are there so many different programs that



are managed so many different ways?" Well, I just said it. There's so many different units of government, their funding sources are different, their charters and missions are different, and so they've identified constituencies that they're trying to serve, which may be completely different than someone else in your market footprint. So we want to try to bring some rationalization to that and make it easier for people to ingest and understand. So we came up with this concept in partnership with the industry. I would remind you, in fact, we're here at the MBA annual convention. I believe we established our very first conversation with the industry on this topic at the convention in 2017 in Denver, Colorado. So this has been a multi-year journey, but I'm glad that we were not only able to stay with it, but also keep the industry engaged with us. So we've had seller servicer customers, we've had members of the title industry, the mortgage insurance industry, doc service providers, and of course the providers of the DPA programs, housing and finance authorities, municipalities, and we've all been working in partnership together over time to bring what is now in the market known as DPA One. The first iteration of DPA One that everybody's going to see is really a tool that enables loan officers to make a quick assessment of a borrower's eligibility for multiple DPA programs. That utility today will actually compare up to three, and that helps efficiently for loan officers to identify these programs. Something else, I would say in my 30 years of history doing this, you tend to find that people who participate in DPA programs as lenders have to become subject matter experts because it's so complicated. But now we're hoping that by bringing forth an efficient data tool to bring all the guidelines forward and help make a quick assessment, we can actually even get more originators to engage in the program and thereby help more consumers. On the flip side of that coin is it's important that we have the providers of the programs themselves expose and make the program guidelines available also in a very efficient manner. And so that then will help lenders not have to chase these programs down, understand the guidelines, go through different means of having the guidelines delivered to them. It's all going to be ultimately available in one database that we hope to have, a callable API available to next year. And then lenders can systematically bring that into their originations process, they can expose it in their point of sale, build tools to help identify these to clients as well. And then we have a number of other use cases down the road. And one thing ultimately being someone again who started in affordable, if you will, by helping HFAs, is how can we even make their processes more efficient? So as we've seen the modernization of the mortgage industry over time, there are circumstances where we don't pull appraisals, we don't gather income documentation, we don't gather tax returns. We're able to do all of that digitally. That's not a benefit currently available to most of these disparate government bodies. But if this platform can ultimately be that tool that sort of gives them the transparency of the mortgage origination process, the data validation and verification on which they can feel comfortable they're meeting their regulatory obligations, we can bring a lot more efficiency to this process.



Phil Treadwell [00:12:18] I love that. There's so much to unpack there, but something that I think just initially as someone who also came from the origination side, from the lending side, really passionate about first time home buyers, affordable lending. Because these programs come from state, county, local governments and even national governments, we end up with similar products that will have different guidelines, different variations, different case uses, and people will find one that kind of works and become a subject matter expert on that, but then not know that there's other situations where one might be a little bit better because they're not a subject matter expert in this. And this seems to be that platform that people can now use or a solution that people can now use to understand in this scenario, here's what I need to look at and here's the different nuances. Because you have a local government saying, "Well, this is what the debt ratio needs to be, and here's the other pieces of this thing or whatever the qualifying criteria may be." Ability to repay. And then a state one may have a very similar product but has a little bit different qualifying criteria. And just as a former originator and someone that led sales teams for years, having that resource in one plate is huge. Let's not bury the lead here. This is a big deal, especially it's been working on for what, six years to get this iteration. So that's something that's super exciting. Is this something that in the first iteration, people are able to just go online and utilize the source? And you said, I think an API is coming where people can pull that data into their own systems?

Danny Gardner [00:13:48] Yes, that's right. So today, you can go online, you can register, and what we have to do, of course, is control the exposure of programs to loan officers based upon their company's acceptance and approval of those programs. So each seller servicer institution should reach out and we can set up the whole framework for them so they have administration rights, they can designate to which of their originators they want to have exposure to the tool, and then they can logically connect those only to the programs for which they currently have at a corporate level decided in which to participate. But the exposure of all that information is there. By the way, something else you just said I wanted to add on too, which is how do we use this utility in the future to even help the providers of these programs understand best practices? There's no catalog out there today for them either. And so whereas we know there to be like 2,500 plus of these, surely no single provider has the wherewithal to do a case study and say, "Oh, this is how that one works and that one works and this one's better." But here we can actually even tie not only the guidelines to a best practice in terms of what scales and originates, but we can actually even hopefully in the future, look forward to loan performance and say, "When you have these attributes, these borrowers tend to fare better than borrowers who've got a program that look like this."

Phil Treadwell [00:14:58] Well, and Freddie Mac is such a data-driven company, probably one of the biggest, if not the biggest providers of first party data that can then be turned practical and contextual to actually do something. There's I'm sure a lot of



other places that may have more data than Freddie Mac, but I don't know that many other companies, if any other companies use it in the way that Freddie does to drive results, to drive initiatives, to continue to innovate in that way. And just what you said right there, being able to take that data and say, "These are the programs based on these attributes that are going to be a best fit, and not just because of the qualifying criteria or the geographic region or whatever," which are very important. But there's a whole level of adoption and effectiveness in terms of, again, we go back to the sustainability piece, which is really what this is about.

Danny Gardner [00:15:42] Yeah, that's exactly right. Yeah, and we get to that performance attribute. Operationally too, I mean, if you think about it, if you're doing 10 programs because you are pulling in the actual raw data fields. I mean, you can actually rationalize, okay, I've got 10 programs that are 70% the same, so now I only have to build an additional operational overlay to address potentially 30% in this example, as opposed to maybe the way companies have to manage the day thinking of each one as uniquely its own set of guidelines, its own set of rules, and finding no synergy to build operational efficiency.

Phil Treadwell [00:16:10] Well, I think even too, just discovering what are some other programs and products out there that they may not even be aware of in the first place? Because it's so difficult, especially from an origination perspective, a lot of times, teams and branches and regions are bringing these programs to their company. The company's very open to adopting and bringing it in-house, and again, creating the operational aspect to it so that they can utilize that resource. But if they're not aware of it, that can't be done. And so I think that's another piece that I'm really excited about is just here's all of these programs and lender's like, "Oh my gosh, we now have so many other options to offer borrowers."

Danny Gardner [00:16:42] Right. I'm kind of smiling too, because I know for one, you think about it even looking outward, how many other opportunities do I have to serve borrowers? And we know that a lot of these programs go underutilized, but what's interesting is even ones that have lots of lender adoption can go largely underutilized. And we made that point earlier, you have to have individual loan officers who are subject matter experts. They may move around to different companies, and it's not uncommon that someone who is an expert request their company to kind of take on the fixed cost of onboarding these new programs and then they leave. So hopefully now through the use of data delivery, decisioning tools, kind of building into operational processes, we can bring this more front of mind and simpler to use for more originators.

Phil Treadwell [00:17:22] That's a great point. Great point. What are some other things, I know that there's a lot of things that Freddie offers, but in terms of what you're spending a lot of time trying to educate lenders and seller services about of things that



are very relevant in this market, what are some other things that Freddie Mac is doing in terms of initiatives and innovation programs that we need to be talking about right now?

Danny Gardner [00:17:40] Sure. So we have lots of initiatives going on, even in the mission community space that I manage under our duty to serve program. We have an equitable housing program. We're always working to advance low to moderate income lending and meet our affordable housing goals. And so that does spur a lot of innovation. Some of the things that I'm most excited about, one is I would say the use of data in qualifying income and assets. That's something that we've evolved towards over since my tenure at Freddie Mac over the last eight years. And ultimately, hopefully we can reduce the documentation requirements, bring more certainty and actually more information and decisioning about helping borrowers become homeowners and maintain their home ownership there.

I thought during the pandemic, we did a great job in trying to bring forth other solutions for home ownership retention, deferred mods as an example. And I think that made a big difference in stabilizing the housing market during that phase. And we want to be ever more mindful of that too. Again, given the cycles that we're going through, we may see economic destabilization and we want to make sure that we're there to support families.

I would say we also lean in very heavily in partnerships, and I mentioned all of these stakeholders, our seller servicer clients, but in addition to that, we have a really nice network of nonprofit and government organizations that we work with very closely to ensure that they have a grasp of the solutions that we provide, that they're prepared to educate their consumers about that, and then they're able to bring that feedback to us to also help us understand how we might better improve upon that.

Something else, and it's a strange thing to talk about right now, but refinance. We did notice during the last record low rate environment that there were many families who did not take advantage of refinance and could have massively saved money had they done so. And so we are trying during this purchase money cycle to make sure we're getting prepared for a game day when the next cycle comes and ensure that we're seeing a better representation of individuals who are taking advantage of that path.

And then lastly, I think we're also a very active player in trying to help make sure we just broaden the diversity of the industry. Our industry is one where I'm 53 years old, so people will point to you, what's the average age of a loan officer? What's the average age of an appraiser? What's the average age of ... Pick one. And we need to bring more younger persons, like you said, how do you stumble into the mortgage industry? So we're trying to be more intentional about that. We have outreach into college campuses around the country, and we're partnered with other organizations who are really trying to expose the mortgage industry as a viable career for individuals. And then hopefully just build that same subject matter expertise where not only that individual benefits by being a member of the industry, but also can socialize the benefits of home ownership and financial capabilities and other opportunities to their peers.



So we go into these colleges and we don't just talk about the mortgage industry, but we also talk about financial capability and what it means to be a homeowner and give them materials that they can share with their parents, just to make sure that we're kind of further sparking that conversation.

Phil Treadwell [00:20:40] That's a great segue into another question that I had for you, which is being someone that's done a lot within the industry, very passionate about some of these initiatives, what is a piece of advice that you have for someone who's just either getting started in their career as a mortgage banker and really wants to understand how they can get involved and how to participate in some of these initiatives or just any piece of advice you'd give to really cast a vision for what their career should potentially look like?

Danny Gardner [00:21:07] Absolutely. Well, I would tell you for me personally, and I'm not pandering because we're here at the MBA, but one of my favorite things to do at the MBA is actually to walk through the marketplace. And I often wonder if people standing at those booths often feel they're like, "Hey, I'm not getting enough traffic. Am I really drawing the business out that I want?" But from an external person coming through, I'm always just so amazed at the different components of this business where people have established solutions, they've established careers, they're leveraging data, artificial intelligence, anything that you think of as sort of modern technology in our society is leveraged to the Nth degree in the mortgage industry. So regardless of where your interests may lie, whether it's business development, technology, accounting, capital markets, operations, all of that exists in the mortgage industry. And I've had a very rewarding career because I've had the good fortune really to be exposed of a lot of those different things.

I started in servicing. I got to be in sub-servicing, kind of bridging that into business development. I served state and local governments and nonprofits, driven mortgage products. I had my own desk where we did pricing and our own securitization. So it is a very broad market. So whatever talent you have, whatever interests you may have in a career, I really feel like the mortgage industry is a place for you. And then once you find your way in, I would say it's very important to make sure that you're not finding yourself being pigeonholed.

And look, we go through cycles and the good companies are always the ones that take their agile athletes and say, "Okay, now rush to that end of the business, rush to that end of the business, jump on that project." And if you're the type of person who will willingly take that on, show the aptitude and willingness to do it and learn from it, you'll win at the end of the day. So not only don't pigeon hold yourself by saying, "I'm content with the job that I'm doing." Don't pigeonhole yourself. You want to demonstrate that you're an agile athlete, you're capable of other things, and when the call comes, you're ready for it.



Phil Treadwell [00:22:56] So good and very well said, I am very passionate about this business because not only what it can do for communities, for obviously helping people achieve the dream of home ownership, but what it can do for schools, what it can do for community organizations and nonprofits. But the thing that I don't know that gets talked about a lot is what it can do for the people and the families that are working in the mortgage industry, what it can provide in time and resources and a community within this thing. And the mortgage industry is obviously a very big place and also a very small world all at the same time. And I'm very passionate about that. It's something I stumbled into at 21 years old. I've been doing it almost 20 years now. And I think that it's something that I tell people, just like you said, anything you want to do, anything you're passionate about, you can find not only the type of income that you want to build your career, but you can find a company that has a great mission and there's a bigger cause. We're all collectively working toward this same goal. You can find it in the mortgage industry. And I think because of times past and maybe just some stereotypes that are out there, that's what I love about what Freddie Mac is doing on so many levels is just changing the narrative about what is the mortgage business, what is the purpose of Freddie Mac in providing liquidity and innovation and sustainability and affordability and all these things. But really just saying, "Hey, this is a pretty cool business to be in. You should come be a part of it. Take your natural talents and skills and go be part of a company that's helping this cause as well."

Danny Gardner [00:24:20] Absolutely. And I will say that is one of the best things about being at Freddie Mac. We are just loaded with those types of individuals who are not only talented, but passionate and creative, and it's been a great experience to be part of this company. Very proud to be there.

Phil Treadwell [00:24:32] Danny, you've been a credible guest. If you would, take a second, if someone wants to connect with you, learn more about what you guys are doing at Freddie Mac, where can we send them as far as maybe connect on LinkedIn or if you have a website, socials, anything like that?

Danny Gardner [00:24:42] Yeah, no, I'm on LinkedIn. That's probably the best place to reach out to me on a more broad basis. And yeah, we're happy to hear from anybody who has any questions. And then we have an excellent account team, so if you're a seller servicer and you want to reach out to me, reach out to your account executive and they'll be happy to facilitate that. And I would be really grateful to hear from you.

Phil Treadwell [00:24:59] Very cool. Awesome, Danny, I appreciate your time. I look forward to catching up again soon.

Danny Gardner [00:25:02] Thanks.



VO [00:25:04] The Way Home is brought to you by Freddie Mac, where we make home possible. For more thought-provoking discussions and expert insights, join us for upcoming episodes by following The Way Home on your favorite podcast platform. Connect with us on LinkedIn @freddiemacsf. You can also sign up for our newsletters by navigating to our subscription center at sf.freddiemac.com.