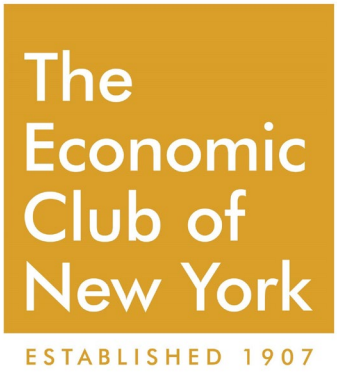

The Economic Club of New York

115th Year
672nd Meeting

David C. Benson
President & Interim Chief Executive Officer
Fannie Mae

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Webinar

Moderator: Marc Norman
Larry & Klara Silverstein
Chair, Real Estate Development & Investment

Associate Dean, Schack Institute of Real Estate
New York University

Introduction

President Barbara Van Allen

Good afternoon and welcome to the 672nd meeting of The Economic Club of New York. I'm Barbara Allen, and I'm President and CEO of the Club. It's an honor to be here with all of you today in our milestone year, our 115th anniversary. I hope everyone had a wonderful summer and it's wonderful to be kicking off the fall with you with our first event today. The Economic Club of New York is the nation's leading nonpartisan forum for discussions on economic, social, and political issues, and we continue to bring forward really prominent names as we have for the last 115 years.

Over the past two years, through our Diversity, Equity & Inclusion programming, we've been leveraging the Club's platform to bring together prominent thought leaders to help us explore and better understand the various dimensions of inequity in under-represented communities and highlight strategies, best practices, and resources that the business community can use to be a force for change. We're not doing this work alone. I'd like to give special thanks to our corporate partners – BlackRock, Bloomberg, Mastercard, PayPal, S&P Global, and Taconic Capital as well as the many members, speakers, and subject matter experts that are now and will be engaged in this work.

A special welcome to members of the 2022 Class of Fellows – a select group of diverse,

rising, next-gen business thought leaders, and students joining us today from Rutgers University, Fordham University, NYU Stern School of Business, CUNY Graduate Center, Columbia University, and the University of Pittsburgh.

Today, we're honored to have Dave Benson here with us – he's the President and Interim CEO of Fannie Mae – for a very timely discussion. Dave serves on Fannie Mae's Board of Directors. He's a member of the Community Responsibility and Sustainability Committee. He also serves on the Board of Managers of Common Securitization Solutions, a Fannie Mae and Freddie Mac joint venture. Dave's role is central to the achievement of Fannie Mae's mission of facilitating equitable and sustainable access to home ownership and quality, affordable rental housing across America.

Prior to being appointed as Fannie Mae's President in 2018, Dave was Executive Vice President and Chief Financial Officer. Before that, he served as EVP - Capital Markets, and SVP and Treasurer. Before joining Fannie Mae in 2002, Dave was Managing Director of Fixed Income Division of Merrill Lynch, and he actually had a 14-year career there were he held other leadership positions in risk management, fixed income, currency trading, debt syndication, and e-commerce, all based in New York and London.

The format today will be a conversation, and we're honored to have with us Marc Norman as our moderator. Marc is the Larry & Klara Silverstein Chair in Real Estate Development & Investment, and Associate Dean of the Schack Institute of Real Estate at NYU School of Professional Studies. And I believe Marc has a number of students joining us today as well. So, wonderful, thank you, gentlemen for being with us today. We're going to end promptly at 11:45, and any questions that were submitted to the Club in advance from members have already been shared and may be addressed during the conversation. In addition, we're using the chat box for this conversation and you can enter any questions directly in the chat box for their consideration understanding that time is, of course, always limited in these conversations. They go by so quickly. As a reminder, this is a conversation that's on the record as we do have quite a bit of media actually today on the line. So, Marc, if you're ready, I'm happy to pass this time now over to you. Thank you.

Conversation with David C. Benson

MARC NORMAN: Great. Thank you, Barbara. And I'm so happy to be in a conversation with Dave. Fannie Mae is such an integral part of our housing market. And I know we only have forty minutes or so to solve the housing crisis so I'll start right away. Dave, the housing market has been a real roller coaster over the last, well, frankly, over the last decade. And Harvard's Joint Center for Housing Studies has said that basically every

state has lost affordable units and home prices are up substantially everywhere.

So maybe the first question, more general, is what are the ways that sort of you see the housing market today? How we got here? And what are some of the risks that you see ahead?

DAVID C. BENSON: Well, Marc, thanks very much, and it's good to see all of you. I want to first off thank The Economic Club of New York for inviting me to speak with you all. It's a real honor.

Maybe what I should do is start a little bit just with the economic backdrop and then talk a little bit about how housing is fitting into that. You know, right now, with GDP, you know, kind of really bumping along. I know our own economists here at Fannie Mae are expecting the potential, pretty high potential for a recession starting next year. I think as of our August forecast, we have GDP basically being flat for this year and down maybe 4/10ths of a percent next year. So pretty rough going from that standpoint.

The employment picture has been pretty darn strong. I think we've been looking at a 3.5, 3.6 unemployment rate. We think that that will move up some but again the employment picture has actually been one of those really nice parts of what we've seen. Inflation has been the big question. We know that's been impacting monetary policy and

what the Fed has been doing, you have both the rate increases as well as the monetary tightening through the balance sheet and quantitative tightening that's been occurring. That's kind of the backdrop.

Now, housing has been very, it's been a very unusual period of time. As everyone knows, the last couple of years we've seen very robust increases in the price of housing nationwide. This past year, it was up about 20% nationwide. And in the previous year, it was up about 20% nationwide. I mean you're looking at very strong increases in appreciation. Now, the interest rate increases that we've recently seen throughout this year with the Fed increasing has increased the rate of mortgage interest rates, which had been kind of in and around historic lows of around 3%. Now it's pretty much right around the 6% level, so almost really a doubling of mortgage interest rates. And that's really affected the activity that we've seen in housing in the last few months. We expect this year that home sales will probably be down 16% from where they were in 2021.

The origination of mortgages themselves, we believe, will be down 45% from what they were in 2021. I think there was an all-time record, 4.5 trillion done last year, approximately. We think it'll be about 2.5 trillion. A lot of that reduction is from the reduction, as you can imagine, in refinances. Much fewer refinances going on at a 6% rate than there were when you saw them at 3%.

The other thing that's really affecting housing, not just in the home ownership area, but in the rental space you're seeing very marked increases in rents that are really impacting people at this point. We see this year rents up about six, seven percent, and I think in some parts of the country we wouldn't be surprised if it's even worse than that.

Those are some of the conditions we're seeing coming off of what was an incredibly strong housing market, one would probably argue unsustainably strong, to now where things are starting to come off quite a bit.

MARC NORMAN: Thank you. There are so many different issues sort of colliding at the same time. And maybe one of the things that I'll bring up now is just how we make renters into homeowners in markets like this that we're experiencing now. And one of the things that jumped out to me recently this year was reading that, you know, Fannie Mae is looking at its underwriting and starting to do things like value steady rent payments in assessing risk, and also thinking about it through mortgage financing, which I imagine could be a catalyst for the industry. But I'm wondering sort of how that's going. And maybe for people that aren't aware of this, an explanation about sort of how that came about.

DAVID C. BENSON: Sure. Well, you know, the focus of Fannie Mae is on providing liquidity and stability into the market. Much of what we do is setting the credit standards

that are in place in the market. There are populations within our society that either don't have a sufficient credit history to really be able to qualify for a mortgage. Some of these folks, we call credit invisible, when they literally don't have enough data to be able to have a credit score. But yet these folks or many of these folks have data that would indicate that they're credit-worthy potential borrowers.

And so what we've done is we've taken a look at some of the kinds of data that aren't currently exposed into the credit scoring models. Rental payments, you mentioned rental payments as an example. So what we've started to do is to capture that data however we can get it, either through bank statements, other kinds of documentation that people can provide. And we've begun to use our own scoring of that data to be able to qualify them for lending.

We think that, whether rental payments, also cash flow underwriting is a term that we use to talk about the analysis of people's financial statements that come through month by month, through their bank statements, and looking at the income. There's now a gig economy which is pretty significant. Some of the traditional ways that people are measured in terms of their incomes, it's really hard to get that data to qualify them. But we're starting to do more with that and we intend to take that information into our own automated underwriting systems to be able to look to qualify people.

I do just want to highlight that our intent isn't really to reduce the credit standards that we apply against people. What we're trying to do is to set the standards that we believe are sustainable and safe and to fill that credit box, so to speak. We're looking for those qualified borrowers who may not be captured through the traditional mechanisms and being able to qualify them. We have found statistically so far about half of the people that we've been able to qualify based upon their rental payments have been minority borrowers. And so we're really excited about the thought of being able to reach folks who haven't necessarily had access to this market.

MARC NORMAN: Great. Well, and maybe that leads into our next question because, I mean I'm wonky, I'll admit it. So I had read the equity plan that Fannie Mae had put out, the Equitable Housing Finance Plan. And it seems like this is in line with some of the elements of that plan. You know, both sort of like incorporating and helping groups get access to rental and home ownership opportunities that are traditionally maybe left out. So maybe we could spend a minute talking about some of the elements of that equity plan. I imagine that things like valuing steady rent payments is part of it, but I imagine there's a lot more to it.

DAVID C. BENSON: Yes. What I'd love to do, Marc, is talk a little bit about what was behind the equitable plan that you're mentioning, kind of what was the problem that we're trying to solve first. I think that many of you are aware that there's a very stark

differential in home ownership between the White population and the Black population. It's about a 30-point spread, approximately 70, 72% of White families own a home. And it's only about 42% for Black families. And that's been a differential that has persisted for decades. And, you know, there have been many attempts to be able to kind of both deal with, understand and deal with the root causes of that issue, but we really have not made any significant progress along those lines over the last, you know, at least 50 years.

And so what we tried to do is take maybe a different approach than what's been taken before in terms of understanding that particular problem. And we started off by defining what we like to call a housing journey. And what that housing journey entails is all the way from the beginnings of when somebody is starting to think about, let's say moving out of their parental home into a rental, from a rental, in terms of what their opportunities there, and then where they may actually be looking at home ownership at some point.

And then ultimately, once they're in home ownership, how do they stay successfully in home ownership. And to the extent that there's bumps along the way, that they have the right mechanisms to be able to have what we would consider to be a sustainable and successful experience there. So we've looked at that whole journey, and what we've tried to do is to understand what are the barriers that people are facing along each part of that journey and to come up with programs and thoughts around trying to solve the

individual barriers, to knock down the barriers that people are exposed to along that way.

So let me just give you an example, if you start off at the beginning of when somebody is trying to know what to do, some of this comes down to education. What we found in our research is that Black families often have not, they do not have the resources or they did not know what they needed to know to be able to access the system in a successful way. So we start off with programs around education. We have an education program that we call HomeView, which is available on our website. It's free. And it literally helps to walk people through all of the steps that they would need to take in terms of having a successful interaction with the housing finance system, with the whole mortgage process, and in having a sustainably successful situation in terms of the purchase of a home and in having that be a successful experience. So it starts there.

Then we have things like we just mentioned, programs around rental payments. What we're trying to do is use rental payments and other cash flow, things to be able to qualify more borrowers. And we've also set up a whole series of pilots that are part of this plan that are special purpose credit programs that have been set up to test whether certain interventions could actually help people to be able to have a successful home ownership experience.

Let me give you an example. We're testing things like down payment assistance. We're testing closing cost reduction assistance. What we have found is that many Black families have issues in terms of not, they don't have the sufficient resources, let's say, a down payment, or for some of the closing costs, to be able to get, you know, kind of get started here. So what we're looking for are the ways that we can kind of gently add in something into the equation early on in that process that would actually put people in a much better position to be able to participate. So those are some of the examples. And most of the things, or a lot of the things that we have in this equitable plan are really tests in the marketplace to see what works. And once we find something that works, I think we're in a pretty good position to be able to scale it and then bring it out into a full-fledged program.

MARC NORMAN: That's great. And, you know, part of the interesting thing in the plan for me, and I think also for our students, is your Future Housing Leaders program and how, there are two sides to this equation, right? You can educate potential homeowners, current renters and others, but I imagine you also want people in the industry that are diverse and that are sort of looking at things in different ways and bringing new opportunities to people. So I was particularly drawn to the Future Housing Leaders because on the other side of the equation we also have some of these issues with a need for education in appraisal, in market analysis, in underwriting and other things. So that was a particular point of the plan that really stuck out to me.

DAVID C. BENSON: Yes, Marc, I'm really glad that you mentioned that. We have the program that you're mentioning, Future Housing Leaders, which is a recruiting service that we offer free to the industry, where we're sourcing diverse, people with diverse backgrounds to have them become more a part of our housing finance system. Now we, of course, are very involved with our own company, the people who work at Fannie Mae have a very strong diversity program here. But what we're looking to do here with this Future Housing Leaders is not have all the spoils to ourselves, but we're trying to really expand it to the rest of the industry. It's been really successful so far. I think just this year we've already placed, I think, 150 interns into the system with diverse backgrounds. And we just think it's really important for the industry to resemble the communities that we serve, and it's just a very important part of the plan and we're really excited about it.

MARC NORMAN: Yes, and I think, you know, on that point, many people have probably read some of the issues around appraisal particularly, and when you talk about the gap between White homeowners and Black homeowners, but also things like refinancing or just getting that first mortgage. There was a particular article recently in *The New York Times* about a house where it was appraised for $250,000 less than surrounding houses and then there was, the family who was an African American family brought in a neighbor and it appraised $250,000 more. So it was clear that even if you have all of the tools and all of the education, the other side of the equation is important too. How are

we underwriting? How are we appraising? And I'm wondering if Fannie Mae is looking at some of those issues around appraisal that have been shown to create disparate values and impacts on people.

DAVID C. BENSON: Marc, absolutely. And, by the way, I do remember seeing that article a couple of weeks ago and it was a pretty shocking example for sure. We do a lot of oversight and monitoring of the appraisals that come through the system. You know, just to give you a sense of scale, we have on our books today over 17 million loans. So this is a big, big operation. I think one in every four houses in America has been financed by Fannie Mae. So we see a lot of this data and we're in a pretty good position to be able to at least make an attempt to understand where there may be issues.

We do analyze using technology. We do analyze this and where we're able to pick up any evidence that would suggest that there's been something that we can identify that doesn't make sense that way, we do tackle that. We go back to the sources of where those are happening and then we query those. And we do monitor that and we have ways of looking. But, of course, this is, you know, we're not solving every problem there. And I think this is a big one to go at.

There are ways to try to go at this, though, that we keep working on. One is to use desktop appraisals so you're kind of taking the human element out of some of this. And

then we have something where we use a hybrid approach where a third party might come in. They go to the site. They actually are just collecting data. They're not even the ones who are going to actually make the appraisal. They just literally come in and they'll calculate square footage and they'll make sure that there's, you know, what the appliances are in the kitchen and so forth and they make note of that. And then all of the analysis is really being done away. So we try to limit where we can, in some of these instances, the interaction between the consumer, the owner of the home, and the appraiser, and the person who might be doing the data.

And I think things like that artificial intelligence and some of the different things that we may get to use because of the technology and the way it's progressing, I think, do give us a little bit of hope that we might be able to tackle this in a meaningful way. But I would say to you that we think that this is a problem that continues to need attention and we do the best we can to be on that.

MARC NORMAN: Yes. Well, it's also an interesting, you know, I think there is this fear of AI and robots. And there's been talk about robot appraisers, but in this instance actually taking some of the human element out of it might actually create better outcomes and frankly more equitable outcomes.

DAVID C. BENSON: Yes, we think there's a lot of promise there of course. You know,

people do worry a little bit about whether, because it's human beings that have actually created the AI, and so did the unconscious or conscious bias of the human being impact kind of the way that the AI was produced? So again, there's some really interesting ethical issues that I think we'll all have to deal with over the course of the next several years.

MARC NORMAN: Yes. And then you didn't mention, but I will that Fannie, to the extent that we still have humans around for a while doing some of this, has an Appraiser Diversity Initiative to actually also just change the field and get more people in the field. I imagine that's maybe also part of this future leaders program as well.

DAVID C. BENSON: Yes, it's a little bit separate but it's the same, a little bit of a similar notion. Thanks for mentioning that. Yes, we have an Appraiser Diversity Initiative where we give scholarships to people with minority backgrounds to get their certifications from the Appraisal Institute. And again it's another idea which is let's get more people with diverse backgrounds into these industries that are serving the public that historically there's been an underrepresentation of them in that. And again, we think it can only help to be able to move us further along in solving some of the problems that you've raised.

MARC NORMAN: So I feel like if we have the programs to help people get into home ownership or to help people have stable rental housing, and we also tackle sort of the

other side, right, the underwriting side and diversity in the industry, we still have this, we're in an inflationary period. We might be going into a recession. We also have prices going up both in the rental and the homeownership space. And it seems like the real issue is also supply. We have not produced the kind of housing that we should. I think there was a report from Freddie Mac that said we're short at least 3.8 to 4 million units. And I'm wondering if Fannie Mae has thoughts and maybe ways to think about increasing supply.

DAVID C. BENSON: This is definitely one of the problems for sure. Very significant. We should understand maybe a little bit of how we got here with this lack of supply. You know, when the financial crisis hit in 2008, it hit the housing sector incredibly hard and a lot of the trades went out. There was an underdevelopment of units throughout that entire period of time. And even though the financial crisis started, call it 2007, 2008, so 15 years ago, we still haven't caught up in all of that time from the units that weren't built over a several year period of time in that crisis period. We haven't made up the difference for the demographics of what we've seen in terms of just growth of household formation over that period of time. So I would agree there's several million units that haven't been built that need to be built and so that's a real issue.

I think that we should also realize that there's many aspects to the lack of supply that occur through all sorts of local issues. And so this is, even though we can look at this as

a national issue, a lot of these situations are also very locally affected. Things like zoning regulations that are involved in the development of properties. I know that there's a lot of controversy around, you know, in various areas, whether certain kinds of housing gets built, you know, density, certain areas there's controversy about how dense they want those areas to become. And so you've got a lot of what I almost, you've got these situations that make it difficult. Even if the economics were there to build the housing, there's a lot of constraints that make it such that it doesn't happen as quickly as I think it needs to.

So that's a really tough problem where, you know, we have a very robust multi-family lending program so we do lend into the multi-family housing sector. It's quite significant. And so that's an area that we really, where we really attempt to make up some of the difference is to support the multi-family sector, which is really what's required in terms of just the affordable rental housing component of what we do.

Another program that we are very involved in is the LIHTC Program, the Low-Income Housing Tax Credit Program. We have, I believe our book now is about $2.6 billion strong. I think it's got 65,000 or so units that we've produced over the last, you know, call it four years that we've been involved in. And that's a very important way that Fannie Mae gets involved in building affordable housing throughout the country. So it's just one example.

MARC NORMAN: Yes. As a tax credit person for most of my career, I was really happy to see Fannie Mae reenter the market and also up its commitments. Also because it ties into a lot of the other things we've been talking about around sort of access to stable housing and potentially a pathway with that stability to homeownership and to better opportunities. And I think all of this, you know, we haven't talked about it yet, but it plays into DEI, the diversity, equity and inclusion goals. And I know that Fannie Mae is very focused on that.

We've, I think, touched on a number of things that might not be in your DEI plan but definitely flow into it. But I'm wondering, sort of your sense of sort of where DEI is going and how sort of it's thought about at Fannie Mae. It seems like it weaves through most of your programs, whether you call it DEI or not. But how are sort of you looking at DEI these days?

DAVID C. BENSON: Well, you know, Fannie Mae, I think Barbara even set it up when she mentioned sort of what our mission is at Fannie Mae, which is to facilitate equitable and sustainable access to home ownership and quality, affordable housing, rental housing throughout America. I mean the term equitable is in the mission statement of the company and has been for a long, long time. I will tell you, I came into Fannie Mae 20 years ago and even then, because, you know, people now talk about DEI, but even then, 20 years ago when I walked into Fannie Mae, I knew I was coming into a very

special company as it related to diversity and equity and a lot of the issues that we now talk about kind of on a daily basis. So the company has been there in terms of where its heart has been. Really, I think, you know, for decades, in terms of where it comes from.

So what we've done is we've tried to take that mandate, that mission, that energy that we have internally and we've really tried to put it through the entirety of what we think we do as a business. And so if you kind of think about how we look at DEI, what we're trying to do with the entirety of our business is to bring in the empowerment of consumers. It's bringing education into the mix as I've mentioned, you know, the education. We want to change the way that consumers are served. When you think about the different communities that are out there, whether that's the Black community, if it's the Latino community, the manner in which they're served is such that it's effective for them.

So things like when we talked about credit eligibility and the kind of data that we're using to be able to qualify people, it's an example of serving people in a different way. And then, of course, the diversity of the industry itself and we've talked about a couple of the programs that we have there, in bringing more people from diverse backgrounds into this. We've weaved all of these concepts of DEI into everything that we do.

So when you and I talked about our Equitable Housing Finance plan, I mean in some

ways it's not just one, kind of set off a plan that's an offshoot from what our kind of core business is. All of this, it's really embedded in the entirety of the way we think about doing our business. So that's how we think about it. It's part of how we do things.

MARC NORMAN: Yes, well, and since we've been going through lots of acronyms like, you know, LIHTC and DEI, why not move to ESG? At NYU, at Schack here, all of our new incoming students actually are now taking an ESG course in commercial real estate because it's more important than ever, especially given when we see, you know, a sort of warming climate, increasing wildfires, flooding events, and other things. And a big part of that, of course, is the bond market, right? So how does the bond market sort of value these things? How do they incorporate the current risks we have but also governance, right, becomes important. And I know that you're very big in the bond markets – green and social bonds. And so just maybe some of your thoughts around sort of the impact, sort of our current climate conditions, right? Because that also affects housing supply. I mean the number of housing units we've lost in the Northern California wildfires or severe flooding; I imagine also is top of mind for Fannie Mae.

DAVID C. BENSON: So I love talking about this. We've done a lot here and there's a lot more to do. I think it might surprise the audience that we've been involved in the issuance of green bonds for about a decade. And our biggest footprint where we started was in the multi-family sector. We've issued, I think it's $106 billion of multi-family green

bonds in the last decade. I believe it might be the largest green bond program in the world.

Now, what we did there is, you know, where did all of this supply, what did we do, and what qualified as a green? What we did is we went to multi-family borrowers who had apartment buildings that they wanted to finance and we said if you can demonstrate reductions in water and in energy usage –and we gave them certain parameters that they needed to be able to meet to be able to do that – we said we'll give you a lower interest rate. We'll give you a break.

So we gave them an incentive to be able to take their property and make sure that it had certain attributes that they would put in, in both the water and energy perspective. So that became very, very successful. Of course, you know, sometimes people don't just do things because it's the right thing to do, they do it because it economically makes sense. And in this case, they got a little bit of an incentive to do it. So that's been great. Very, very successful in multi-family.

In single-family, we have a green program. It's a bit smaller. It's really just gotten started in the last year or two. We've issued about $1.6 billion. And these are where the newly constructed houses have green certifications. They have Energy Star requirements that they've been able to meet. And so then we're pooling those loans into securities where

they're basically green and they get an ESG classification where investors who are interested in that kind of an asset are able to purchase those.

Now, on social, we've got a multi-family social program. It's pretty big. It's $17 billion that we've issued in social. And a lot of that has to do with both manufactured housing that we financed, which really is a low and moderate-income product primarily in the United States. And then what we call restricted affordable units. So these are multi-family units where they literally set aside affordable units for people of low and moderate income. So that's on the multi-family side.

On the single-family side, we've just recently introduced what we call a Social Index that we believe will become the standard for how the mortgage market in the single-family space will pool loans to be able to qualify for social that will then end up being purchased by ESG investors. That kinds of things that would qualify for social include the income level of the people who are borrowing, so are these low and moderate-income people. The type of borrower in terms of the, is it a minority household? Is it a first-time home buyer? And then property, some of the property attributes which might be that it's in a disaster area or it's manufactured housing or it's in a rural, an underserved rural part of the country. So these are sort of the elements that would make up the Social Index. We just came out with it. We just published it a couple of weeks ago. We think it's going to be a very, very big winner and you should hear a lot

about that, I think, in the near future.

MARC NORMAN: That's interesting to hear. And I'm also wondering, just given your sort of position in the market, do you feel like that has the potential to sort of be a catalyst for other bond issuers to think about how they measure? Right? Because I think a lot of times it's like ESG can be a word, but like what does it actually mean? Right? So I was happy to hear you talk about the index because that might actually create a metric that other people might start using and relying on.

DAVID C. BENSON: You know, you've hit it on the nose. The way we thought about this index was that it would, we thought it would stand the test of time not only for what we do, and I've already said we do one in four houses in America, but we believe it could set the standard for how others would look at the ESG space as it pertains to mortgage and would begin to pool their mortgages and to create and originate mortgages on that basis as well. That's my prediction, that this will become the standard. I may be right. I may be wrong. But we're very excited about it.

Look, Fannie Mae is the kind of institution that we're blessed to be in a position to be able to set standards. That's a big responsibility that we have. The way I kind of like to look at it is that we're probably, we may be the most important company in one of the most important industries and we serve millions of Americans, and every decision

matters. In this particular case, we looked at setting up the index, not something just for us but something that could be used by others and we hope that they do.

MARC NORMAN: So we're both Californians, born and raised. Sort of on the issue of supply, and maybe it also feeds into some of the ESG goals, you know, California has recently passed legislation to let multi-family, but small multi-family be built in single-family zones. I know Virginia is thinking about it, Oregon, Nebraska, Minneapolis, you know, changed their zoning. Do you see a way that Fannie Mae might spur that to happen? Because a lot of times you can pass a legislation but you don't necessarily see the results immediately. Right? And that's just one element. You still need to finance it. You need to have the capital. You need to have willing borrowers and also the market. And I was wondering if you had been thinking about, as this sort of gains traction across the country, how Fannie Mae plays into this new, sort of move towards being able to build multi-family units in formerly single-family zones?

DAVID C. BENSON: Yes, you know, we, again we have our single-family program and we have our multi-family program. And in most of the instances I think that you're talking about, as long as the laws have been passed and there's legal structures that are being put in place, we, in all likelihood, have a program that would permit the financing of many of those kinds of structures, many, if not all.

So I don't really see, you know, us being a barrier to that. I think we would be really excited that once, you know, localities are able to come up with what the right plan is for their own communities, is to be involved with the people at the local level to be able to determine what the best product is. If in some cases it turns out that what we need to do is look at some of our own eligibilities and some of the way we've defined products and to look at product innovations that would end up helping some of those communities be able to drive liquidity in those particular sectors, we're very happy to look at that. So, you know, it's not as though Fannie Mae just has a couple of things that we do and that's it. We're perfectly willing to innovate with the rest of the industry as their needs continue to evolve.

MARC NORMAN: Great. I can't believe how quickly 40 minutes comes. I have one more very important question for you. So, somebody paid $450,000 for a house next to Snoop Dog in the Metaverse. And I was wondering if you were going to get into that market. You know, what you think about that pricing and if there's a bond opportunity here?

DAVID C. BENSON: Well, what I'd like to say about that is I have absolutely no idea how we would figure out what the collateral value is. And so something tells me we've got a lot of work to do before we would know even how to approach that underwriting. But that's a really interesting question. The answer is we're not involved in the

Metaverse yet, but we'll see. You know, you never know what's happening.

If I could just, I think we're going to be ending here, but I just wanted to, again, thank you, Marc, and I want to thank everyone. Can I just remind people that, you know, the social and racial inequities, they've persisted for many decades, and it's going to take years of work and partnership across, I think, the industry and government. And I hope that many of you on this call will join us, either directly or indirectly in helping to break down some of the barriers that many Americans face as they move through their own personal housing journey. Again, thanks so much for having me today.

MARC NORMAN: Thanks for joining, Dave. I appreciate it.

PRESIDENT BARBARA VAN ALLEN: Yes, many thanks, Dave and Marc. This was just a terrific conversation and so full of insights. I think no one will be disappointed about having spent the time with the two of you.

I wanted to just mention we have many very exciting events coming up this fall. And so we encourage our members to invite guests and certainly to attend. Starting with a luncheon with David Malpass, the President of the World Bank Group, Monday, September 19th. And you can see there in front of you, Nancy Sims, CEO of the Toigo Foundation, October 3rd. David Banks, Chancellor of the New York City Department of Education, October 6th. Loretta Mester, the President and CEO of the Federal Reserve

Bank of Cleveland on October 11th. Ruth Browne, President and CEO of the Ronald McDonald House, October 13th. Charlie Cook, who we all know well from his trips with us, together with Bob Rubin, the Former Secretary of the Treasury, October 18th. Lee Zeldin, a candidate for Governor of New York, October 26th. And we are hoping to be able to confirm Kathy Hochul, the current Governor, as soon as possible. Steve Squeri, Chair and CEO of American Express, October 27th. And then on November 14th, we're going to celebrate that 115th anniversary with a dinner that John Williams and other former chairs will be joining for a panel. And we have a lot more in store for that evening. Later in the year, we have Arvind Krishna of IBM, you can see there, November 17th. Michael Wirth of Chevron will give us some energy insights, December 1st. And then finally, we're going to close out the year with an end of year dinner with The Honorable Joe Manchin. And so please keep track of our website. Believe it or not, we have a couple more exciting events that aren't yet scheduled for our members and their guests.

And then finally, I want to take a moment to recognize those of our 347 members of the Centennial Society joining us today as their contributions continue to provide the financial backbone of support for the Club, which is a 501c3, and help enable us to offer our wonderful diverse programming well into the future as well as today. So again, thank you everyone for joining us, and we look forward to seeing you soon. Have a good rest of the day and a good rest of the week. Thank you.