



Home Sweet Ownership: Affordable, Sustainable and Equitable Homeownership with Deb Jones

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 [00:00:31] In this episode, Guest Host Phil Treadwell, founder of M1 Academy and host of the Mortgage Marketing Expert podcast talks with Deb Jones, SVP and director of mortgage capital markets at Citizens Bank, about making home ownership more affordable, sustainable, and equitable, as well as the power of partnership with Freddie Mac. All right, welcome back to the podcast with Deb Jones. Deb, thank you for taking the time to come and sit and chat with us here at MBA Annual.

Deb Jones [00:00:57] Happy to, I'm glad to be here in Philadelphia.

Phil Treadwell [00:01:00] It's a little bit brisk.

Deb Jones [00:01:01] It is, but it's nice instead of humidity.

Phil Treadwell [00:01:04] Where are you based originally?

Deb Jones [00:01:06] Outside of Richmond, Virginia.

Phil Treadwell [00:01:07] Outside of Richmond, Virginia. So not too far?

Deb Jones [00:01:09] No, no easy trip.

Phil Treadwell [00:01:11] Well, most mortgage bankers didn't raise their hand in kindergarten and say, "I want to be in the mortgage business when I grow up." So we all have an interesting story, I'd love to kind of hear more about yours and how you ended up not only in the mortgage business, but what your story was to where you got today.

Deb Jones [00:01:25] Sure. I was an economics major and business as well, and we had to do an internship. I just really looked through our networking system and took an internship and fell in love with mortgage banking. It was literally opening up a phone book and pointing to somebody's name, and it was just really dynamic, very interesting. So it was a great fit and I ended up going back in the summer, working through that, went through an internship program. And I got a great exposure to a lot of areas and



that made me learn a lot and also really hone in on my love of secondary marketing capital markets. So I made a decision early to really give back at the companies I was in, go deep, learn what I could. And then I would really just kind of think about, "What have I not done?" And go to the next step, get experience at other companies too, different cultures, different parts of the country. So I worked with Resolution Trust Corporation during the S&L crisis. I worked with Greenwich Capital on Wall Street, and I actually ended up having my own consulting firm with another gentleman and we did a variety of support services. So then I came back into secondary marketing on a contract job and just said, "I miss this so much, I have to come back into this space." So the rest is kind of history. I really enjoy being involved in the industry with the MBA, Housing Policy Council, Lender Roundtable, and giving back learning, sharing and trying to make it better for the industry but for the homeowner, ultimately.

Phil Treadwell [00:03:05] Absolutely, and I think that that's what most of us in the industry are so passionate about is ultimately helping a buyer and a borrower achieve the dream of home ownership. And at the underlying thing, it's interesting, whenever I first got in the business, a 30-minute interview turned into about a three-hour conversation. And I remember the owner of the company saying at the time, "Listen, if you get in this business, you're going to look back at this conversation one day and cuss me, because once you get in mortgage it's really tough to get out of it."

Deb Jones [00:03:33] It's an addiction.

Phil Treadwell [00:03:36] It was funny, so when you said you were drawn back to, I think a lot of us are, it's a really fun industry for so many reasons. You talked about really liking to be involved in professional organizations and different committees and partnerships. How important has partnerships and involvement in professional organizations not only helped you and what your mission is within the industry, but also just helped your career overall?

Deb Jones [00:04:02] Well, I think the networking is important to develop your career, but it really is about learning from everybody. And then it trickles down to how can you make your work environment more efficient, people more knowledgeable to make the policy and process work the best for colleague engagement and again, legitimately for the homeowner? So you think about credit policy, you think about processes, we're all talking about the digital environment. We want to make the customer experience outstanding, and we do. And if we can do it and it makes it easy on us as well, that's the utopia, the end state idealism that we want to achieve. Because it takes a lot of energy and a lot of detail, especially now with regulation, but the networking is a collaboration. We're competitors in the industry in a lot of ways with other lenders, but partners like Freddie Mac help us, they listen, they take us seriously about some of the challenges. And it's a great way to have the creditor who's making the policies help the lender achieve the best results.



Phil Treadwell [00:05:23] For sure. I think having partnerships like Freddie Mac is very important on a lot of levels. But in terms of just you at Citizens Bank, what is the kind of core focus of Citizens Bank to bring affordability options and sustainable home ownership? And really is what is your guys' focus philosophy and mission in terms of bringing those to the marketplaces as much as possible?

Deb Jones [00:05:47] Honestly, it is a core mission, we talk about our pillars, customer, community and colleagues. And community is a very core pillar, we leverage our balance sheet, but we also depend heavily on our GSE partners and Freddie Mac. Especially, with some of the innovation that they've been doing to accelerate the home ownership. And what has not worked in the past, because it's key about sustainability, we do not want to do what we've done in the past... is just get people in homes and we haven't done them a service. The sustainability is not only the product, but it's the servicing and how do we help them through life events? And what programs can we do that because they're a good customer? But Freddie Mac has been a great partner in helping us achieve our affordability goals. They've been in lockstep with us that their team, our account team, and our capital markets and investor relations team, there's no surprises, a lot of open communication about how we achieve those goals.

Phil Treadwell [00:06:50] You talk about sustainability, it is super important, especially, looking through the lens of how the industry has grown and evolved, especially, over the last couple of decades. How important is it to educate the borrower and the buyer of not only here's the process of buying a home and getting a mortgage, but here's the process of using that to kind of be a pillar of your financial plan, both short-term and long-term.

Deb Jones [00:07:15] Working with our customers or customers to be on financial education, community engagement awareness and a long-term investment as a bank in what can be a near term or a long-term customer and a customer for life. And that's critical investment for us to take forward in our planning and our partnerships. And what we're trying to achieve at Citizens, and is it aligned with our partners in the industry like Freddie Mac? And they find a way to help us achieve that to really benefit customers in our financial goals.

Phil Treadwell [00:07:58] Well, it is a tough market right now and I think there's a lot of barriers in terms of helping a borrower achieve that dream of home ownership. Specifically, how are the offerings and programs with Freddie Mac helped that within Citizens Bank so that you can help people navigate what's a pretty challenging lending environment?

Deb Jones [00:08:17] Yes, I think we actually have been a little bit behind the curve in adopting LPA. And we are excited about getting that installed because it is fascinating to see some of the other offerings we don't offer, but Freddie has really worked with us around some of that until we can get that on board. And then I feel our customers will



have a full suite of products from our GSE partners and we're missing the big gap with Freddie Mac. We have some unique programs that will round out the suite of products we already offer on balance sheet or just through Home Possible, which we do offer. But I think that we are missing a lot of activity when you think about renovation, people that are already in their homes but are still in the affordable segment. It's not always about first time home buyers and we have to remember things like that. Or if somebody is a first time home buyer and wants to build their home, that type. We have a construction product, but it's not as geared towards first time home buyer, where I think we can benefit from programs like that with Freddie.

Phil Treadwell [00:09:22] Absolutely, and I think renovation products are also very helpful in terms of not having enough supply in the market.

Deb Jones [00:09:29] Absolutely.

Phil Treadwell [00:09:30] We forget that a lot of times people are looking for the perfect home or their dream home or a new construction home, when a lot of times you can find a great home in a great environment and then make it their own. And having those products allows people to enter the market that may have had to wait or something else. You mentioned LPA or just Freddie Mac products in general. Is there a specific thing that you're really excited about and looking forward to in adding more of the Freddie Mac programs that you guys can say, "This is specifically something that we've kind of been missing and we're really excited about continuing to push that to the market."?

Deb Jones [00:10:05] Actually on Citizens, we're getting ready to launch our Special Purpose Credit Program. And we've been testing it for a year on our portfolio and working with the other GSE as well, because we want to leverage all partners. And we've had a lot of great learnings and collaboration with Freddie, who's observing what our program is going to do and how we can work together in a different way, so that essentially, I think we'll end up with two versions potentially of our program. And see if we capture more people that fit the two different nuances, if you will, or features of those programs. So it's an investment, it's a dollar investment to help with down payment, but there's also a higher area median income than some of the standard programs. So I am excited to see if in those high cost markets especially, and that's really where a lot of the key focus is, we can make a difference. And it will be a test and learn and it will also consider what can we do in the servicing space, not just the product upfront?

Phil Treadwell [00:11:17] That's a great point, risk management and making sure that it goes back to the sustainability piece. How has the partnership with Freddie Mac and Citizens Bank helped to kind of overcome that in terms of that risk management and understanding, these are great affordable lending options, these are great options for first time home buyers, but also aren't putting either the lender or the borrower at risk for something that could repeat history per se?



Deb Jones [00:11:44] Well, Freddie has a wealth of data and experience and then we have our own. And I think exchanging what has worked and what has not worked? What do we each perceive are the risks? What are we comfortable with? And where we differ, what can we do to come together with a different solution that isn't about necessarily acquiescing to one or the other? Because that's where you evolve and really succeed with solutioning. And I think the collaboration, the thing I've noticed about Freddie, especially, of late is they've invested in new resources, new support systems. I'll give you an example and kind of take a left turn a little bit on you, but the Quality Control was not working effectively and they really did do a deep dive, a serious listening session, or a check the box. And it's that type of corporate culture, getting back to the affordable is, where's your risk appetite? Where's ours? We will have gaps and I think we just have to [inaudible 00:12:19] solution or accept this is off the table and what can be on the table? And I think that collaboration is exciting.

Phil Treadwell [00:12:57] It's very exciting, especially because we are in a challenging market, but it's not the same type of challenging market we've had in the past. With first time home buyers, there's an education curve there anyway-... but because of so much negative mainstream media attention or just the rumor mill, what are you guys doing either in collaboration with Freddie Mac or individually at Citizens Bank to really spread the messages, there's a lot of opportunities for first time home buyers, this isn't the type of lending market maybe that we've seen in the past? But to get people excited about wanting to get involved in purchasing a home or buying another home or any of those types of things because there has been such a kind of a negative spin with everything.

Deb Jones [00:13:42] I think the media rumor mill is something that things get lost in terms of actual facts.

Phil Treadwell [00:13:50] Yes.

Deb Jones [00:13:51] So I think it takes grassroots engagement and that's where I think Citizens excels. Very much so in our communities we are face-to-face with our customers, it's really about education. What are the goals that you'll need to achieve this? And what are the limitations? Not selling all the positives and then having a disappointment down the road in a declination of their loan. What do you need to work for and towards? And the home buyer education and just financial management, you have to do it. And if Freddie Mac has tools that they can share with customers or lenders and lenders with their customers, then we're just transparent and we set objectives together. And it sounds so simple, but it really is that. It's you have this much money, this much debt, this is what you can afford. Then there's the inventory problem, the price problem and the rate problem. What can you afford? Can you afford it now? Maybe, maybe not. If you can't, what is it going to take with your credit score or down payment assistance and things like that? What creativity can we do once we look at your unique scenario? So it's grassroots, and that you can gain trust and stop the rumor mill one person at a time. So it will not be an immediate fix, it can't be.



Phil Treadwell [00:15:14] Sometimes simple is also very profound.

Deb Jones [00:15:16] It is profound, and I believe in it because there's so much noise and so much information and misinformation and disinformation, and there's a difference. And that's just the world we live in today, so we have to get back to, "Well, I know it's a fact because I'm met face-to-face and I have a trusted advisor." If you don't have that experience with the person, then that's an unfortunate situation and shame on that. But a lot of us are still here after the crisis because there's a lot of good people left in this industry that have our passion and are now really focused on the segment.

Phil Treadwell [00:15:51] And I think that goes back to what we said in the beginning, participating in professional organizations, industry organizations. And collaborating with not only organizations like Freddie Mac that are trying to spearhead the correct information for both borrowers and lenders. But the competition goes out the window at that point in time because we're all collectively trying to provide the right information, get it into the hands of the right people. And at that point, each company can be confident in what they offer their community through their trusted advisors and in things of that nature.

Deb Jones [00:16:22] Right. Like I said, I'm involved because we have to get to the policymakers, we have to get to the influencers, which are the trades like Mortgage Bankers Association and what's working and what's not working. Otherwise, it's frustrating, it's a fail. I hear some of the things coming out today, like the Basel III rules are not well-thought-out. And we just have to push back and say, "Look, it's not that the policies may be wrong, they are, maybe they aren't, but we have to be thoughtful and do our diligence and look at what we've learned in the past that works and doesn't work, and not repeat it just for the sake of a goal." We should not have an affordable failure, this goal round we did in 2008. And I think those goals were aggressive and there was too much pressure for the optics. And we have to be patient. So I think that the FHFA has taken their foot off the pedal a little bit. Rightly so, because the goals are from two years ago and we've got high prices, high rates and low inventory. So to keep saying, "We have to have this percentage." Is unrealistic. Well, we will fail, we will push the needle too far. But they're listening, Freddie Mac's listening, Fannie Mae's listening, and we are working together as an industry to do it right.

Phil Treadwell [00:17:42] Well said. You talked about having the data, sometimes the data doesn't give the whole story. Data can be incredible, especially for streamlining the process, bringing the cost down for lenders, which in turn is bringing the cost down for homeowners and borrowers. But I also think that partnering with companies, individual lenders, through an organization like Freddie Mac allows to provide all the right context. You have the data, now here's what's actually happening on the street. So here's how we create realistic goals for affordability, for sustainability, to add liquidity into the market.



Deb Jones [00:18:17] Yes, and that's a great point because I think about we as an industry try to look at things a little bit cookie cutter where, "Oh, W-2 income." And we are in a gig economy, we have multiple jobs. Especially, at the affordable level to make ends meet. And we can't be afraid of that, we have to step back and instead of, "Oh, they haven't been in the same job for three years with the same level of income." But, "Have they always had a job or small breaks in their employment because they're out to take care of their family?" And we should invest in that and not be afraid of that. And that's where the data isn't helpful right now. We haven't been able to collect, I think to my knowledge, that. You have to take live experiences and say when you underwrite the loan, when the underwriter is looking at the loan, because it's not all LP either. You can't just push the button, LP says it's okay, you're done. You have to put the human judgment in it, and if you can say, "This borrower has the willingness, not just the ability, but the willingness to repay." That's I think our new focus.

Phil Treadwell [00:19:27] That is another great point, willingness to repay. It's interesting because again, we talk about the data not necessarily telling the full story. [inaudible 00:19:05] history has proven that we made the assumption as a collective industry that people may not pay these bills over here, but they're always paying their house payments. When in actuality because the market was what it was, homes were appreciating and people were able to get to that equity to potentially pay for a mortgage that they may not have been able to fully afford in the first place. Having that in there is very important because you have to have that willingness to repay piece in there for this whole thing to continue to work.

Deb Jones [00:20:05] Absolutely.

Phil Treadwell [00:20:06] You've got a wealth of experience, very passionate about the industry, and we're always looking for that next group of people, that next generation to really say, "We want to carry this banner of affordability and sustainability and willingness to repay." What advice would you give newer mortgage professionals or people that are early in their career and may not necessarily participate in trade organizations like Mortgage Bankers Association or may not know the value that a company like Freddie Mac brings? What kind of advice would you give them?

Deb Jones [00:20:36] When you're in your roles, whatever they are, because the mortgage process is very interconnected from beginning to end, really learning in your job, what you're doing and what is it contributing to, the process teaches you that aspect. And then as you can connect with others in your organization to understand the upstream or downstream impacts, you'll engage in a way that puts the whole picture together. And then you'll develop a discerning eye where there's opportunity to improve the process or ask questions and then learn from that, because, well, why do we do this? This doesn't make sense. That could even stimulate with a new fresh look to the old guard. We have to be open-minded and fresh as well. And the newbies will come in



and actually ask no dumb question, ask a question that will make us think, and then they learn and we advance together. So I just think it's an investment in their roles and learning and living the experience during their early career, not just wanting to jump to the next biggest thing for their role. But it's a big process, it's a policy and process industry to really risk manage, to lend to customers in a responsible way. And so it's just a lot to learn and it's very interconnected. I marvel at it all the time about remembering starting one of my training rotations was in post-closing, I'm looking at details. And to this day it's like, "Oh, I understand." If you look at an appraisal and the comps and this, that or the other from back then, 40 years ago, but it helps us think about policies today or problems today. Or if we talk about comps, because appraisals are a big deal. And I'm not going to go in the weeds here, but my point is that those investments in what might look like mundane activities or tasks are really invaluable. So that's just my perspective, I don't know if I'm answering your question.

Phil Treadwell [00:22:46] No, that's great. I think at the end of the day, it's about continuing to grow and learn. Leaders are learners. It's not just about advancing your career to the next pay scale, to the next title or position or the next company, but about understanding how that crafts your craft and continuing to do what we said in the beginning, which is help people achieve the dream of home ownership, which is really what this is all about. Deb, you've been an incredible guest, thank you so much for taking the time. If someone wants to get and connect with you, either on social media or reach out just to collaborate and ask questions, how can they get in touch?

Deb Jones [00:23:20] I think LinkedIn's the best way. And I appreciate it, I've really enjoyed it, and I'm very happy about what the industry is trying to do. I see some new passion in a very difficult market, probably one of the most difficult markets. And Freddie Mac is really opening up to try to be an even better partner. So I'm very, very excited about what's ahead.

Phil Treadwell [00:23:41] Well, Freddie Mac is very excited about the partnership with Citizens Bank as well as you, and I look forward to big things to come.

Deb Jones [00:23:47] Great. Thank you.

VO [00:23:52] 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.