Fannie Mae

Manufactured Housing

2020

Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

Objective 3: Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).

Proposed Modification: Replace loan purchases with expanded outreach and education activity.

Justification for Proposed Modification:

The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

As a result of COVID-19, construction delays and lender capacity constraints adversely affected our ability to meet this loan purchase target. In an effort to continue our progress, and lay the foundation for future impact, we expanded our policy work, and focused on our Manufactured Housing subdivision research and outreach efforts.

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

3. *Objective #3: Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).*

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions

2020	• Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the variance or product. Alternatively, introduce at least one policy change or variance that strategically aligns with the product and, thus, supports its growth and long-term prospects for success.
	• As appropriate, continue product development activities initiated in prior years.
	• Build upon consumer awareness created with the 2019 campaign by continuing to target consumers in high-volume MH markets, and extending into new markets if feasible.
	• Develop outreach strategy aimed at educating and promoting product adoption amongst non-traditional MH stakeholders. Specifically:
	  o Foster relationships between retailers ordering the eligible home product and at least 10 committed lenders, in areas known to be conducive for real property MH financing.
	  o Provide direct support and product education to a lender with an extensive retailer network across several states, in anticipation of a broader rollout.
	  o Conduct nationwide analysis to identify geographic areas of the country which would present viable opportunities for subdivision development leveraging eligible homes. Promote the findings of this analysis. Leveraging that analysis, engage with at least 3 land developers to explore subdivision projects with the product.
	  o Launch an awareness and education campaign with MH appraisers focused on the product.
	• ~~Purchase 25 loans. These loans are included in the total manufactured housing purchases in Objective #1.~~
	  o ~~Continued product development work that builds on initiatives begin in prior years is critical for the long-term success of this product, which is worthwhile because it addresses a need in the affordable housing market.~~
	  ~~Further, this is a meaningful loan purchase target and, in fact, represents a significant increase in purchase volumes as compared to 2018 and 2019. The target is derived from ambitious projections of 2020 loan purchases as reported by lenders that have expressed commitment to growing this product. It is based on both homes sold through the traditional MH retail channel as well as the real estate developer channel, each of which require distinct support strategies from Fannie Mae and its customers.~~

Fannie Mae

Manufactured Housing

2020

Activity: Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33 (c) (3)).

Objective 1: Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

Proposed Modification: Eliminating outreach activity; combining loan purchase targets and reducing the number of purchases.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned.

In addition, many of our lenders have paused their work to explore new potential partnerships with non-traditional MHC borrowers. Many of them are dealing with resource constraints as they respond to an increase in refinance and forbearance activities.

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33 (c)(3)).

1. Objective #1: Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	• Purchase ~~six~~ three loans secured by a Non-Traditionally owned MHC ~~owned by~~(Resident-owned, government owned ~~entities and/~~ or non-profit~~s~~ owned). • ~~Purchase seven ROC loans through the pilot program.~~ • Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date. • Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues. • ~~Continue ongoing outreach activities to increase our understanding of the market to ensure work is correctly targeted to increasing liquidity and to inform the establishment of the 2021 – 2023 Duty to Serve Plan, including:~~ o ~~Meeting with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.~~ o ~~Meeting with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.~~ o ~~Participating in two key industry conferences.~~ • Hosting/participating in one manufactured housing roundtable. • ~~Publish publicly and distribute a white paper to key MHC industry stakeholders through presentations at outreach activities and other means of distribution.~~ • ~~Prepare the 2021 – 2023 Duty to Serve Plan.~~

Fannie Mae

Affordable Housing Preservation

2020

Activity: Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

Objective 1: Work with the USDA and other stakeholders to adopt an approach resulting in increased preservation of Section 515 properties and purchase Section 515 loans (Partner and Innovate, Do What We Do Best).

Proposed Modification: Change the 2020 Objective Evaluation Criteria to outreach and replace the current action items with support for technical assistance provided to owners of RD properties, and mission-oriented organizations seeking to preserve the expiring affordability of units currently in the RD program and analysis of the impact of the technical assistance.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

As a result of COVID-19's impact on their portfolio and operations, USDA RD was unable to devote adequate resources to further our work on the product initiative. Instead, Fannie Mae will partner to provide capacity building resources to RD 515 owners and mission-oriented buyers, in the form of technical assistance focused on the preservation of RD properties.

C. Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

1. ***Objective #1: Work with the USDA and other stakeholders to adopt an approach resulting in increased preservation of Section 515 properties and purchase Section 515 loans (Partner and Innovate, Do What We Do Best).***

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	• ~~Purchase at least six loans secured by Section 515 properties at risk of exiting the program.~~ • ~~Through the feedback obtained during 2019 outreach, identify changes to the Section 515 product enhancement that will improve the product's effectiveness in the market. Obtain internal product development approval as required.~~ • ~~Develop loan purchase goals for the 2021 – 2023 Duty to Serve Plan.~~ • Partner with non-profit organizations with deep experience and expertise with USDA RD subsidy programs to deliver robust technical assistance programs to owners of 515 properties and mission-oriented organizations focused on acquiring properties at risk of exiting the Section 515 program. o Program activities will include a convening of existing owners and nonprofits focused on preservation, with a goal to match aligned parties. o Perform an analysis to summarize and document the impact of 2020 technical assistance programs under this Objective and opportunities to strengthen the effectiveness and scale of the programs.

Criteria	2018	2019	2020
Evaluation Factor:	Loan Product	Outreach	~~Loan Purchase~~Outreach
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years		

Fannie Mae
Affordable Housing Preservation
2020

Activity: Regulatory Activity: Financing of small multifamily rental properties (12 C.F.R. § 1282.34 (d) (1)).

Objective 1: Adopt an effective approach to purchase small multifamily loans from financial entities with $10 billion or less in assets and purchase loans (Test and Learn, Partner and Innovate, Do What We Do Best).

Proposed Modification: Correction to the historical Baseline and the target.

Justification for Proposed Modification: Fannie Mae's initial strategy under this Objective was to purchase loans from eligible financial institutions that finance small multifamily properties. Our initial 2019 and 2020 goals were based on an interpretation of eligible institutions in which considerable differences existed between Fannie Mae and FHFA.

In late 2019 and 2020 we assessed our lender network to identify opportunities to increase loan purchases from eligible institutions under the clarified interpretation. Fannie Mae's DUS network includes CDFIs, who we view as essential partners in the financing of small multifamily properties due to their knowledge of local markets, expertise in directing capital to underserved areas, and the critical role they play in serving communities. Therefore, we have shifted focus to prioritize eligible production through our CDFI partnerships. We're building stronger relationships with our CDFI lenders and evaluating opportunities to encourage more transactions involving small multifamily properties. In 2020, we expect our efforts to deliver a significant increase over the Baseline.

F. Regulatory Activity: Financing of small multifamily rental properties (12 C.F.R. § 1282.34 (d) (1)).

1. Objective #1: Adopt an effective approach to purchase small multifamily loans from financial entities with $10 billion or less in assets and purchase loans (Test and Learn, Partner and Innovate, Do What We Do Best).

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

<table>
<tr><th>Year</th><th>Actions</th></tr>
<tr><td>2020</td><td>

~~Purchase 321 small multifamily loans from Institutions ≤$10B, representing a seven percent increase over the Baseline.~~
~~Plan for the 2021 – 2023 Duty to Serve Plan.~~
Purchase six small multifamily loans from Community Development Financial Institutions (CDFIs) with ≤$10B in assets, representing a 125 percent increase over the amended Baseline.

Baseline: Fannie Mae will use the three-year average acquisition data to set the Baseline at three loans.
<table>
<tr><td>-</td><td>2017</td><td>2018</td><td>2019</td><td>Three-year average</td></tr>
<tr><td>Small multifamily loans</td><td>2</td><td>1</td><td>5</td><td>2.67</td></tr>
</table>

Evaluate our small multifamily loan production strategy, both directly and through correspondent networks, with entities eligible under this objective, to identify potential opportunities for greater scale.

</td></tr>
</table>

Criteria	2018	2019	2020
Evaluation Factor:	Loan Product	Outreach	Loan Purchase
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years		

Fannie Mae
Affordable Housing Preservation
2020

Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

Objective 2: Increase liquidity for energy or water efficiency improvements that meet the FHFA Criteria by facilitating the adoption of enhanced industry standards and purchasing loans (Partner and Innovate, Do What We Do Best, Test and Learn).

Proposed Modification: Eliminate loan purchase Action.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

By early Spring, the origination of Homestyle® Energy loans halted as lenders dealt with capacity constraints due to an increase in refinance and forbearance activity.

H. Regulatory Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3))

2. Objective #2: Increase liquidity for energy or water efficiency improvements that meet the FHFA Criteria by facilitating the adoption of enhanced industry standards and purchasing loans (Partner and Innovate, Do What We Do Best, Test and Learn).

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	Based on outcomes in 2018 and 2019 and to further accelerate and sustain industry standardization efforts and liquidity for Improvements: • Based on the 2019 evaluation of the Uniform Loan Delivery Data dataset, implement support for selected energy and water efficiency Improvements in the current version of ULDD and inform the ULDD committee as appropriate. • To inform the redesign of the Uniform Appraisal Dataset and forms specified in the 2019 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions, continue to work with the Uniform Data Committee on updating the appraisal form to include identified fields for property-level information about energy and water efficiency features. • Continue to lead industry meetings to evaluate the status of implementation of appraisal, MLS, and delivery data standards and identify additional changes. Assess progress and required actions to address challenges. • ~~Purchase between 200 and 250 mortgage loans that meet the FHFA Criteria.\~~

The ultimate opportunity available in this market is to finance increased numbers of Improvements meeting the FHFA Criteria for the target markets and having standards is a critical part of ensuring sources of capital will participate. Fannie Mae plays an active role within the industry to set standards in many areas, including collateral value, data, and property valuation. Based on this experience, coupled with the available resources, Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described in a safe and sound manner. In addition, underwriting standards and credit guidelines that are simplified and consistent with safety and soundness will continue to be applied to improve acquisition of this product.

Criteria	2018	2019	2020
Evaluation Factor:	Loan Product	Loan Product	Loan Product
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years		

Fannie Mae

Affordable Housing Preservation

2020

Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

Objective 1: Increase the purchase of mortgage loans that finance shared equity programs (Do What We Do Best).

Proposed Modification: Replacing publication of model deed restriction and standing up a shared equity system with the current work occurring on both projects.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Efforts to publish a model deed restriction were delayed as state and local officials, along with other various industry experts, dealt with capacity constraints as a result of COVID-19.

I. Regulatory Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

1. Objective #1: Increase the purchase of mortgage loans that finance shared equity programs (Do What We Do Best).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	• Conduct initial testing and feasibility analysis for a system to determine and communicate to lenders DTS-eligibility for shared equity programs. • Complete first draft legal structure with supporting documents for a model deed restriction. • ~~Fannie Mae will stand up a system for determining and communicating to lenders DTS-eligibility for shared equity programs.~~ • ~~Publish a model deed restriction for use in Fannie Mae programs, marketing it to shared equity programs and encouraging adoption.~~

The ultimate opportunity available in this market is to finance increased numbers of shared equity loans for affordable housing preservation. Fannie Mae has significant experience purchasing various loans with deed-restrictions and under inclusionary housing programs. Based on this experience, coupled with the help of industry stakeholders, we believe this Objective is achievable within the time periods described. Underwriting standards and credit guidelines that are consistent with safety and soundness will be applied to acquisition of this product.

Criteria	2018	2019	2020
Evaluation Factor:	Loan Product	Loan Product	Loan Product
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years		

Fannie Mae

Rural Housing

2020

Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective 2: Increase affordable capital through industry outreach in high-needs rural regions (Analyze, Partner and Innovate).

Proposed Modification: Adding additional Action around colonias definition and identification.

Justification for Proposed Modification: This builds upon work undertaken in 2018 and 2019, and reflects the execution and follow through of previously planned actionable outcomes.

A. Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Note: Fannie Mae seeks extra credit for this Activity.

2. Objective #2: Increase affordable capital through industry outreach in high-needs rural regions (Analyze, Partner and Innovate).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	• Analyze, assess, document, and publish results on success metrics of the work completed in 2019 with the one test and learn service-learning program model. • Support homebuyer readiness services or programs in high-needs rural regions. • Engage housing counselors in high-needs rural regions identifying capacity challenges that can be addressed through technical assistance. • Continue engaging CDFIs or other mission driven lenders identifying innovative homeownership or lending models; identify capacity challenges that can be addressed through technical assistance. • Establish a targeted marketing campaign(s) focused on raising awareness, or highlight an initiative in conjunction with other activities to support an increase in loan deliveries. • Finalize and publish a census tract-based colonias definition and identification methodology, including a colonias dataset and mapping to assist with the tracking of loan purchases.[1]

1 Achievement is based upon a non-objection from FHFA on publishing the census tract-based colonias definition and identification methodology.

Fannie Mae

Fannie Mae

Rural Housing

2020

Activity: Housing for high-needs rural populations (12 C.F.R. § 1282.35 (c) (2)).

Objective 4: Purchase single-family NACLI and/or HUD Section 184 loans and produce loan products via supply variance and appraisals. (Do What We Do Best).

Proposed Modification: Remove the loan purchases and add in technical assistance activity.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

This purchase target was unattainable due to suspended new construction throughout the country, including units on a Midwestern Native American reservation where we had planned 2020 acquisitions. With a limited resale market, most homes purchased on tribal lands are new construction. Limited lender capacity, economic consequences of COVID-19 in Native American communities, and our inability to further establish and nurture our Native American relationships due to travel restrictions also created barriers to reaching this target.

B. Housing for high-needs rural populations (12 C.F.R. § 1282.35 (c) (2)).

Note: Fannie Mae seeks extra credit for this Activity.

4. Objective #4: Purchase single-family NACLI and/or HUD Section 184 loans and produce loan products via supply variance and appraisals. (Do What We Do Best).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2020	• ~~Purchase at least 10 NACLI and/or HUD Section 184 purchase money or refinance loans on tribal trust land. It should be noted 2020 target of 10 is lower than the 2019 target because we have shifted our focus to only include loans delivered on tribal trust lands.~~ • Publish one piece of guidance or an enhancement within the variance as it relates to credit or collateral policy regarding tribal trust land. • Increase mortgage lending on tribal trust lands by providing technical assistance to at least two Native American tribes, Native CDFIs or Tribal Designated Housing Entities.