

2023 Manufactured Housing Outreach

ACTIVITY:

D. Additional Manufactured Housing Communities Activities (12 C.F.R. § 1282.33 (d))

OBJECTIVE:

2. Supporting renters in manufactured housing communities through credit-building activities.

SUMMARY OF RESULTS:

| <i>Objective's components detailed in the Plan</i> | <i>Corresponding actions taken</i> | <i>Explanation of any deviations from the Plan (if applicable)</i> |
|---|--|--|
| <input checked="" type="checkbox"/> Assess the viability of expanding the pilot initiative to new vendors and/or new MHC properties, based upon quantitative and qualitative findings. | <p>The implementation steps below describe the steps Fannie Mae took in considering whether and how to expand its Multifamily Positive Rent Payment pilot to new markets. Ultimately, we made the decision to extend the pilot through December 2024 and will pursue new tactics in 2024 to expand awareness of rental payment reporting among our multifamily lenders and manufactured housing community (MHC) borrowers in 2024.</p> | |
| <input checked="" type="checkbox"/> Assess the impact of the pilot, including rates of renter and landlord usage of rent reporting, number of credit scores established, magnitude of credit score improvement for participants, and any other metrics identified through research and pilot phase. | <p>As of December 2023, our pilot vendor reported a variety of MHC adoption and impact metrics that demonstrate that rental payment reporting services are having significant positive impact on MHC tenants.</p> <p>Specific metrics are discussed in greater detail below.</p> | |
| <input checked="" type="checkbox"/> If feasible, design an enhanced rent reporting program for MHCs by Q4, based upon research and pilot findings, and assess whether a rent reporting program for MHCs could become a standard product offering. | <p>Based upon early pilot findings, we made the decision to extend our pilot through December 2024 to allow more time to encourage adoption with borrowers. We plan to use 2024 to continue collecting feedback from data vendors and borrowers to uncover opportunities and barriers to adoption.</p> | |



SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Target partially completed
- No milestones achieved

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

It's well documented that manufactured housing residents historically have a more difficult time accessing credit than other renters and homeowners. A recent analysis of Home Mortgage Disclosure Act data conducted by Pew Charitable Trusts cites credit history as the most common reason for loan denial for both buyers seeking a mortgage and buyers seeking a personal property, or "chattel," loan to purchase their manufactured home. Any process enhancement or investment in the credit standing of residents of MHCs has the potential to facilitate new homeownership opportunities and enhance financing outcomes for these residents.

In 2023, we enrolled into the Multifamily Positive Rent Payment pilot an additional 142 MHC properties comprising 22,828 units and increased the number of participating MHC borrowers from two to eight. This brings the total number of MHC properties enrolled by year-end 2023 to 261 MHC properties, representing just under 45,000 units within those properties. MHC properties now comprise roughly 8% of total properties enrolled and include both institutional MHC investors with a national operations footprint plus local and regional players. In addition to casting a wider net with respect to borrowers participating in the program, we also pursued a new tactic to promote adoption of the program among a broader swath of borrowers and properties. While MHC properties enrolled in 2022 were all within Fannie Mae's existing book of business, three of the properties enrolled in 2023 were new loan acquisitions in 2023. By targeting both properties covered by existing loans and new loan acquisitions, we successfully grew the program.

As participating MHC borrowers began the process of implementing rental payment reporting at 119 properties in late 2022, much of 2023 was spent onboarding these properties to collect the adoption and impact data that will ultimately inform our long-term strategy for partnering with the rental payment reporting industry. In the data provided by our vendor, we noticed several trends that are worth emphasizing. First, of MHC residents who have begun reporting rent payments through the program, over 1,000 people, or roughly 6% of participants, have established a credit score for the first time. Second, the average credit score improvement for residents with an existing score was almost 44 points, which outpaces the average score improvement for the broader pilot cohort; hundreds of MHC renters went from a "subprime" credit score to a "prime" score. Although there are other factors that impact a credit score, these metrics demonstrate that integrating rental payment reporting services into multifamily property management operations can be successful in recruiting both credit-invisible and under-banked MHC residents.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

We see this work as an expansion of the broader Duty to Serve emphasis on improving socioeconomic outcomes for MHC tenants. Several of the tenant site lease protections outlined in the Duty to Serve objective are related to facilitating a more liquid resale market for manufactured homes by providing certain protections around a tenant's efforts to sell their manufactured home. By providing credit-building opportunities to MHC tenants, we are taking those ambitions one step further by putting residents in a better credit standing. The property condition has a major impact on a home's resale value, and improving the credit standing of



these residents may allow them to qualify for home improvement loans or other lines of credit to facilitate property improvements or upgrades that might help them maximize the sale price. Given the speed and breadth of adoption, we believe this investment in MHC tenants was critical, and we will continue to look for ways to utilize our position in the market to support MHC tenants.

3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?

N/A