



Fannie Mae 2020
Rural Housing
Loan Product

ACTIVITY:

B. Regulatory 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).

SUMMARY OF RESULTS:

Following are the 2020 Actions under this Objective per the January 1, 2021 Duty to Serve Plan:

<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"/> Publish one piece of guidance or an enhancement within the variance as it relates to credit or collateral policy regarding tribal trust land.	<ul style="list-style-type: none"> •Fannie Mae enhanced the Native American Conventional Lending Initiative (NACLI) variance to waive a standard Title Search and Title Insurance Policy and accept the Title Status Report certified by the Bureau of Indian Affairs. 	•N/A
<input checked="" type="checkbox"/> 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.	<ul style="list-style-type: none"> •We purchased three conventional NACLI mortgages and one Section 184 Indian Home Loan Guarantee Program for Native American homebuyers. •We renewed our partnership with Enterprise Community Partners to support the Tribal and Native Community Development Finance Institution (CDFI) Homeownership Learning Communities Cohort. •We delivered technical assistance to a Native CDFI intermediary to establish a conventional mortgage lenders cohort to advance their lending capabilities and become mortgage brokers. 	•N/A



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SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)
- Objective partially completed: 0-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact
- 20 – Between Minimal and Meaningful Impact
- 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?

Our efforts in 2020 laid the foundation for future impact by supporting the capacity of new lenders working in chronically underserved Native areas.

Product Flexibilities and Loan Purchases:

We conducted four in-depth interviews with lenders experienced in Native American lending. The feedback prompted us to address the lack of alignment around titling across secondary market investors. Few title insurers are servicing tribal trust land. Most lenders rely on the Title Status Report (TSR) furnished by the Bureau of Indian Affairs (BIA) to document clean title. The NACL I variance was modified to remove a requirement for standard title search and insurance, relying solely on the TSR with BIA certification. This change aligns our policy with the Section 184 program. Simplifying the origination and delivery process reduces the borrower's cost, standardizes and shortens the origination process, thereby increasing the potential for future loan deliveries on tribal trust lands. We purchased three NACL I loans on tribal trust lands and provided secondary market access for one lender partner that originated a purchase money transaction using the Section 184 program. In a year where tribal communities faced tremendous economic challenges, our loan purchases remained flat. We provided \$719,731 in liquidity to Native American homeowners.



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Technical Assistance:

We continued to support The Homeownership Learning Communities Cohort, comprised of ten tribal housing organizations, one Native CDFI, and Enterprise Community Partners. The Cohort's objective is to implement and enhance homeownership programs by removing barriers for Native homeownership. The Cohort's accomplishments included:

- It held two webinars to address issues related to the COVID-19 pandemic. The first online seminar focused on information sharing and provided 66 attendees with useful navigation tools and resources. Understanding the need to respond to the evolving environment and to address access to stimulus funding, the second online seminar had 30 attendees and addressed foreclosure prevention measures outlined in recent legislation and provided information on the paycheck protection program.
- A cohort member-led effort to create a Memorandum of Understanding between tribes and the State to temporarily suspend foreclosure proceedings on tribal trust lands. Another member successfully submitted homeownership policy revisions to the tribal council.
- Members drove housing innovation, including one member who created a loan product to finance a "quarantine hut" for protection and safety. This allows elders a temporary residence to remain close to their family while maintaining a safe distance.

In partnership with Oweesta, the Native Community Development Finance Institution Conventional Mortgage Lending Cohort was created to address the lack of traditional mortgage lenders. Native CDFIs provide needed financial services and mortgage products and are positioned to serve Native communities. Comprised of thirteen organizations, the cohort will advance their mortgage lending capabilities with the intent of becoming mortgage secondary market mortgage brokers. Mortgage lending experts will create technical assistance plans, provide twenty hours of in-depth technical assistance, offer trainings, and offer peer-to-peer learning opportunities. This Cohort received 19 applications.

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

The Tribal and Native CDFI Homeownership Learning Communities Cohort is valuable to its members. Throughout the year, the cohort continued to meet twice per month, working to strengthen their housing programs and address their unique needs and challenges. By April, the cohort adjusted its immediate strategy to address pandemic related issues. Through this, we learned that many members of the cohort did not have a foreclosure prevention program or were unaware of what their tribe's foreclosure ordinance consists or even whether one exists. The cohort allowed members to quickly tap into best practices for addressing rapidly developing crises.

We also learned, by observing the application process for the mortgage lending cohort, that many Native CDFIs still need to obtain their Nationwide Multistate Licensing System (NMLS) mortgage license, to update loan policies or procedures to comply with state and federal regulations, and to access education and training to build out mortgage lending operations. Finally, because, on average, each aspiring homeowner requires 25 hours of assistance to become pre-qualified, we learned that many Native CDFIs are unable to access sufficient capital to meet consumer demand in their markets through their existing means.



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3. (Optional): If applicable, why were all components of this objective not completed?

N/A



**Fannie Mae
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Second Quarter Report: April 1 - June 30, 2020
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OBJECTIVE:

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SUMMARY OF RESULTS:

Through June 30, 2020, we have acquired 0 loans and are off track for this portion of the objective. Given the impacts of COVID-19, it is unlikely we will meet this goal this year.

Due to the complexities of mortgage lending on tribal trust land, there is lack of traditional mortgage lenders supporting Native homebuyers. We will continue to research opportunities to work with Native Community Development Finance Institutions (NCDFIs). These institutions have expressed an interest in wanting to access the secondary market. Rooted in the cultural and historical context of Native communities, NCDFIs have the potential to become strong mortgage lenders for Native homebuyers on tribal trust lands.

In June 2020, the NACLI variance was modified removing the title search and title insurance requirement, relying solely on the certified Title Status Report. This enhancement simplifies the origination and delivery of Native American loans saleable to Fannie Mae, reduces the cost to the borrower and standardizes the process, thereby increasing the potential for future loan deliveries on tribal trust lands to Fannie Mae. Aligning title policies across investors removes barriers for lenders serving Indian Country. This work was a result of a rigorous research and development process, whereby participants in multiple research efforts referenced title insurance as an impediment. During the second half of the year, we will identify opportunities to engage lenders about this significant improvement.

Following are the 2020 Actions under this Objective:

- Purchase between 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.



**Fannie Mae
Rural Housing
Second Quarter Report: April 1 - June 30, 2020
Loan Product**

SELF-ASSESSMENT RATING OF PROGRESS:

- On-target to meet or exceed the objective
- Progress delayed and/or partial completion of the objective expected
- Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

It is unlikely Fannie Mae will meet the loan production portion of this objective. For Native Americans, who, like other minority groups and those in lower-income communities, have been disproportionately affected by COVID-19. Homeownership initiatives have been deprioritized given more immediate concerns such as the health of tribal members and economic impact because of tribal business and casinos closures. Fannie Mae will continue to remain connected to the larger tribal entities to better understand the challenges and impact and seek to assist Native Americans communities with sustainable homeownership opportunities.