Fannie Mae

Fannie Mae 2021
Manufactured Housing
Loan Purchase

ACTIVITY:

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

OBJECTIVE:

1. Increase the purchase volume of conventional manufactured housing secured by real estate each year of the Plan (Do What We Do Best).

SUMMARY OF RESULTS:

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

Objective's components detailed in the Plan	*Corresponding actions taken*	*Explanation of any deviations from the Plan (if applicable)*
☒ Purchase between 12,650 and 13,150 conventional manufactured housing loans, representing an approximate 15 percent increase over the prior year's target. This lower bound of this target is approximately 46 percent higher than our Baseline of 8,660 loans.	Increasing loan purchases are a direct indication of Fannie Mae's commitment to grow its support of the underserved manufactured housing (MH) market. In 2021, we purchased 22,755 loans secured by manufactured homes titled as real property (MHRP) and eligible for Duty to Serve. Notably, this represents a 34% year-over-year increase in liquidity provided, and a 128% increase over our volume in 2017, the year preceding the first Duty to Serve plan. As shown in the table below, 74% of the 20,786 MH Duty to Serve loans were made to low- or very low-income borrowers. Fifty-five percent of the loans had loan balances less than $150,000, and 16% of the loans were made to first-time homebuyers.	
☐ While loan purchase volumes in some years have approached this target, this would represent a new high for loan purchase volume. Furthermore, this comes during a time when there are several		

reasons for setting a conservative target in 2021, including uncertainty around interest rates, potential for further economic contraction in regions where manufactured housing is common, and continued supply chain challenges in manufactured housing home production and distribution.		

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?

Increasing loan purchases are a direct indication of Fannie Mae's commitment to grow its support of the underserved manufactured housing (MH) market. In 2021, we purchased 22,755 loans that are secured by manufactured homes titled as real property (MHRP) and eligible for Duty to Serve. Notably, this represents a 34% year-over-year increase in liquidity provided, and a 128% increase over our volume in 2017, the year preceding the first Duty to Serve plan. As shown in the table below, 74% of the 22,755 MH Duty to Serve loans were made to low- or very low-income borrowers earning 80% of area median income (AMI) or less. 40% of the loans had loan balances of less than $150,000, and 24% of the loans were made to first-time homebuyers.

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Delivery Year	Total	MH Income Breakout			Deliveries with UPB				MH FTH	Delivery Breakout		
		>80 and <=100 % AMI	>50 and <=80 % AMI	<=50 % AMI	With UPB >$0 and <$85K	With UPB >= $85K and <$100K	With UPB >= $100K and <$150K	With UPB>= $150K	First Time Home buyer	Purchase	Rate/ Term Refi	Cash-Out Refi
2020	16,963	4,482	8,529	3,952	2,903	1,604	5,602	6,854	4,875	8,798	6,134	2,031
2021	22,755	5,925	11,473	5,357	3,400	1,888	7,260	10,207	5,462	9,877	9,189	3,689

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

Fannie Mae believes our success in achieving this objective in 2021 is attributable in part to the low-interest rate environment. Borrowers across the income spectrum sought mortgage refinance transactions in 2021, and MH borrowers were no different. Refinance transactions accounted for 35% of all Duty to Serve eligible MH financing in 2019. That proportion increased to 48% in 2020, and to 57% in 2021.

However, there are many reasons to be optimistic about the recent growth in our MH business and its sustainability. First, purchase money mortgage volume, which we would expect to be less influenced by interest rates compared to refinances, increased year-over-year by 12%. In addition, 572 distinct lenders delivered at least one Duty to Serve eligible MH loan in 2021. This is the highest increase in participating lenders in any year during the Duty to Serve period, and 36% higher than in 2017. Given the fact that this strong performance has come during a time of housing supply constraints and higher home prices, we consider it a sign of a healthy business with room to grow. Further, we believe some of this growth can be attributed to sustained outreach to MH lenders and other industry stakeholders (discussed in more detail under MHRP Objective 4) and continued product innovation and support (discussed in more detail under MHRP Objectives 2 and 3).

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

N/A