



Fannie Mae 2021 Manufactured Housing Outreach

ACTIVITY:

A. Regulatory 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).

SUMMARY OF RESULTS:

Following are the 2021 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"/> As appropriate, continue product development activities initiated in prior years and execute one test and learn variance to facilitate an increase in affordable housing supply through ADUs.	All of the underlying activities associated with this action contributed to the completion of this objective's target.	N/A
<input checked="" type="checkbox"/> Engage lenders and other stakeholders to inform future product development efforts by identifying opportunities to enhance, modify, or simplify the design and implementation of current product offerings.	Fannie Mae regularly engaged with lenders, manufacturers, retailers, appraisers, and manufactured housing (MH) trade organizations to discuss MH Advantage®.	N/A
<input checked="" type="checkbox"/> Specifically, maintain outreach methods successful in prior years (and described in detail under Objective 4 of this section) to solicit feedback from lenders, manufacturers, retailers, developers, realtors, appraisers, title agents, and others.	Fannie Mae leveraged engagement strategies that proved successful in prior years to solicit feedback from MH Advantage® to a broad group of industry stakeholders.	N/A
<input checked="" type="checkbox"/> Share information on MH Advantage financing and MH Advantage eligible homes via popular manufactured housing digital platforms/channels to educate consumers and to provide	Fannie Mae worked with manufacturedhomes.com to promote MH Advantage® through their established digital marketing channels.	N/A



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<p>a cohesive library of information on MH Advantage financing for various manufactured housing stakeholders, such as retailers and lenders.</p>	<p>Additionally, Fannie Mae launched a builder/developer webpage on Fanniemaec.com to promote MH Advantage at scale and published an article on MH Advantage® with MH Insider magazine.</p>	
<p><input checked="" type="checkbox"/> Produce a report on findings from these engagements, describing expectations for product development efforts, accomplishments, and next steps.</p>	<p>In December, Fannie Mae published our 2021 Manufactured Housing Titled as Real Property report on Fannie Mae’s Duty to Serve website that described outreach on Fannie Mae’s MH Advantage® subdivision strategy, among other efforts.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Conduct and publicize research in support of MH Advantage.</p>	<p>All of the underlying activities associated with this action contributed to the completion of this objective's target.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Analyze manufactured housing zoning constraints in municipalities across the country.</p>	<p>We analyzed past research on affordable housing supply constraints, including zoning, and explored internal data sources that might provide insight on MH zoning practices.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Publish and promote analysis for public consumption to illustrate implications of zoning constraints on manufactured housing and MH Advantage.</p>	<p>In November, Fannie Mae published a Manufactured Housing Heatmap, which shared information on the geographic distribution of Fannie Mae’s MH lending that may be indicative of areas with MH-inclusive zoning.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Develop a comprehensive guide/toolkit to provide direction to builders/developers throughout the manufactured housing construction process.</p>	<p>Fannie Mae collaborated with the National Institute of Building Sciences to create and publish a builder/developer guide which was</p>	<p>N/A</p>



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	posted to our Duty to Serve website in November.	
<input checked="" type="checkbox"/> Build a pipeline of new housing supply by supporting the development of MH Advantage subdivisions.	All of the underlying activities associated with this action contributed to the completion of this objective's target.	N/A
<input checked="" type="checkbox"/> Facilitate relationships between private developers and potential sources of development and/or end-loan financing, in at least three geographic areas.	Fannie Mae furthered its MH Advantage subdivision strategy through numerous engagements with private builders and developers, generally through targeted engagements originating through our lender and non-lender contacts. Through these engagements, no fewer than six builders or developers are working to incorporate MH Advantage-eligible homes into their developments in CO, CA, WA, MD, and TX. Descriptions of this work are published on FannieMae.com under the MH Advantage builder/developer webpage .	N/A
<input checked="" type="checkbox"/> Provide additional marketing support for at least three “early adopter” developer partners.	In addition to the case studies noted above, Fannie Mae marketing and business teams provided additional marketing support for developers in CO and TX in the form of promotional videos showcasing nascent subdivision opportunities, and in other markets in the form of webinar support and sponsored content in manufactured housing industry trade publications.	N/A
<input checked="" type="checkbox"/> Assist with the development and implementation of a training	Fannie Mae continued to promote and solicit feedback on the	N/A



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<p>program for appraisers assessing values in MH Advantage subdivisions.</p>	<p>manufactured home appraisal continuing education course launched in collaboration with McKissock Learning. In 2021, 3,145 appraisers completed the course—an 82% increase from 2020.</p>	
<p><input checked="" type="checkbox"/> Engage at least three community land trusts to share information on MH Advantage to discuss viability of the product in these settings.</p>	<p>Fannie Mae engaged four community land trusts (CLTs) regarding MH Advantage® homes and how to use them in their CLTs. These four CLTs are currently looking for ways to incorporate MH Advantage into neighborhood settings, with the first expecting home deliveries in early 2022.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Engage at least two representatives of a manufactured housing condominium or other form of development to share information on MH Advantage and discuss viability of the product in these settings.</p>	<p>Fannie Mae facilitated several calls with non-profit developers.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Develop a proof of concept for this business model by producing a case study on MH Advantage homes in neighborhood settings. Promote this resource to relevant stakeholders.</p>	<p>Fannie Mae created and launched an MH Advantage® digital campaign. To support this campaign, we developed multiple marketing assets. The campaign landing page was promoted to key industry stakeholders starting Dec 2021. The following customers and collaborators helped to distribute the campaign-related marketing materials: MHI, ManufacturedHomes.com, Learn MH, Prosperity Now, Finance of America, and Builder Magazine.</p>	<p>N/A</p>



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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?

In 2021 Fannie Mae engaged with traditional homebuilders and developers, encouraging them to work with manufacturers to accommodate MH Advantage-eligible homes in community settings. Through our outreach this year, we've engaged dozens of developers which has resulted in the planning of new MH subdivisions and has generated numerous inquiries about MH Advantage from lender and non-lender stakeholders. The MH Advantage program continues to represent a unique and important facet of Fannie Mae's approach to the manufactured housing market. While more traditional products such as our standard MH offering and the new single-width offering facilitate the financing of manufactured homes with well-established industry familiarity and consumer appeal, MH Advantage is still a relatively new housing type and is designed to facilitate incremental growth in the market. While the Fannie Mae MH Advantage offering provides the mortgage financing for these new homes, all actors in the value chain – from consumers and builders to zoning officials and appraisers – must come to understand the unique value that MH Advantage presents and commit to accommodating it within the scope of their role in the MH market.

Given the unique nature of this product, sustained engagement with the industry remain vital to successfully promoting the use of manufactured housing in development settings. Below are some of the ways we engaged with members of the extending builder and developer community to help them assess whether MH could be a viable alternative to site-built construction and resources for developing MH subdivisions.

- Fannie Mae launched a webpage for developers and home builders to leverage innovative financing solutions like MH Advantage to further promote the MH subdivision concept. The page provides MH Advantage case studies to highlight pilot projects that involve high-touch engagement by Fannie Mae lenders with existing partners, customers, community leaders, and anchor institutions. The markets selected for the pilots included Chico and Riverside, CA; Columbus, OH; and the District of Columbia metro area. There is a significant demand for affordable housing supply in each of these markets, and consumers could benefit from the savings provided by MH Advantage relative to stick-built housing.



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Each “pilot” is located in a different geographic area, and we successfully generated a degree of interest in MH Advantage with partners in each of these areas, demonstrating that MH Advantage may serve as a viable housing alternative in markets across the country. In addition to these “pilots”, we are working to provide support to additional developers outside of Denver, CO, Orville, CA, and Seguin, TX, who are working to create subdivisions filled with MH Advantage-eligible homes and became aware of the product not in response to our targeted outreach, but on their own accord. This is further evidence that sustained promotion of this program can and will generate interest from diverse market players who will act without direct influence from Fannie Mae.

- In addition to private developers, we conducted outreach to various non-profits who may benefit from using manufactured housing to further their own affordable housing strategies. As non-profit developers are typically looking to cheaper and more efficient construction methods to meet their needs, we think this is a potential area of growth for the future adoption of MH Advantage-eligible homes. Conversely, non-profits also struggle with securing the needed capital funds to support new construction projects and may need help educating additional stakeholders such as zoning officials and funders and would benefit from sustained promotion and engagement from Fannie Mae and its lender partners in order to help educate actors within their own geographic markets.
- Additionally, we engaged with no fewer than four community land trust (CLT) programs to promote MH Advantage and discuss how they might use MH Advantage to bring a diverse group of stakeholders to the table to discuss affordable housing alternatives. These CLTs are considering incorporating MH Advantage into neighborhood settings for future development projects and at least one CLT expects to have homes delivered in 2022.
- Fannie Mae collaborated with ManufacturedHomes.com to use the ManufacturedHomes.com web platform to educate consumers, retailers, and lenders on MH Advantage financing and the homes that qualify. We provided ManufacturedHomes.com with content for Learn MH, and they promoted our titling, MH appraisal content, and other retailer-based content to their B2B audiences. The web experience allowed consumers to search for homes and connect with participating lenders to initiate the MH Advantage loan process, resulting in 63,887 MH Advantage home inquiries.

After engaging with MH industry stakeholders for several years, it is evident that MH is well-utilized in some markets but under-utilized in others. In locations where MH is not used, adopting this form of housing may bring immediate cost savings to potential homeowners and improve housing supply in communities across the country.

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

Below are observations and lessons learned from Fannie Mae’s MH Advantage outreach in 2021, including which modes of engagement have been the most effective and specific pain points that we have not yet fully addressed.



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- We began to leverage the webinar format as an engagement approach during the pandemic, and it has proved popular and effective within the industry. For instance, we had more than 1,200 registrations and nearly 700 attendees in the sessions offered this year on MH lender and appraiser education. We engaged far more participants through these sessions than would have been customary with in-person roundtables or conference attendance.
- Engagement with individual lenders has been among the most effective uses of our outreach resources, leading directly to more conventional lending to MH consumers.
- High-touch engagement on new models such as the MH subdivision engagements or the MH in community land trust engagements positions Fannie Mae as a convening partner and brings critical resources and insights that enhance the reach of the product. These engagements also provide important market insights to Fannie Mae.
- Using marketing materials to convey our MH products as a suite of options (MH Advantage, standard MH, and single-wide MH) as opposed to one overarching collateral type has invited diverse lender feedback and reinforced the notion that many lenders form their own impressions of marketability and risk that vary greatly by geography and level of familiarity with MH. Understanding the extent to which our customers manage their collateral risk through their own policies and procedures led us to be more accommodating with our written policies, such as waiving the 10-year age restriction on our single-width manufactured housing (SWMH) product on a variance basis.
- The success of MH Advantage remains dependent on the availability of these new manufactured homes. Fannie Mae purchased 22 MH Advantage loans in 2021, of which 9 met the Duty to Serve requirements for income and primary residence. This falls well short of our expectations but reinforces the need for the outreach described in this narrative. We have generated significant interest in this product amongst our lender customers, many of whom are interested in originating these loans but are often discouraged when only a few manufactured home retailers in their market participate in the program. While we remain committed to working with industry participants to test new approaches for promoting the availability of these homes and our MH Advantage financing product, lenders are unlikely to prioritize this program until the sale of MH Advantage-eligible homes increases significantly. As that significant growth is likely tied to the success of the builder and developer outreach described in this document, the next iteration of our Duty to Serve plan will continue to prioritize outreach and loan product efforts to facilitate the sale of new MH units sold in traditional development settings.
- We remain committed to new market endeavors such as Single Wide MH and MH Advantage but realize lenders may be more attracted to these product offerings if we removed certain restrictions on our MH business more generally, including our MH-specific loan level pricing adjustment and/or relaxed Desktop Underwriter® (DU®) underwriting standards.

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

N/A