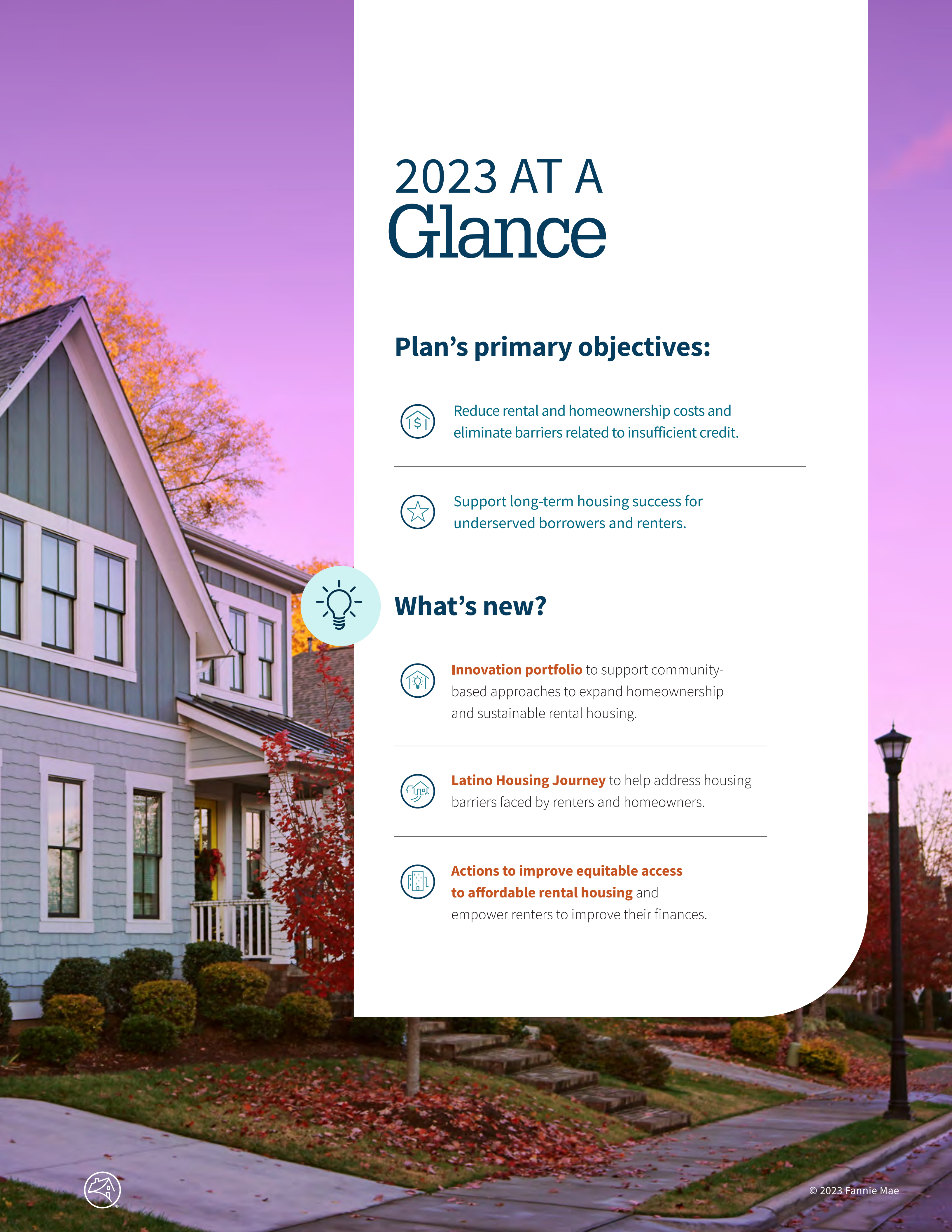
Fannie Mae®

Equitable Housing Finance Plan

2023



2023 AT A Glance

Plan's primary objectives:

- Reduce rental and homeownership costs and eliminate barriers related to insufficient credit.
- Support long-term housing success for underserved borrowers and renters.

What's new?

- **Innovation portfolio** to support community-based approaches to expand homeownership and sustainable rental housing.
- **Latino Housing Journey** to help address housing barriers faced by renters and homeowners.
- **Actions to improve equitable access to affordable rental housing** and empower renters to improve their finances.

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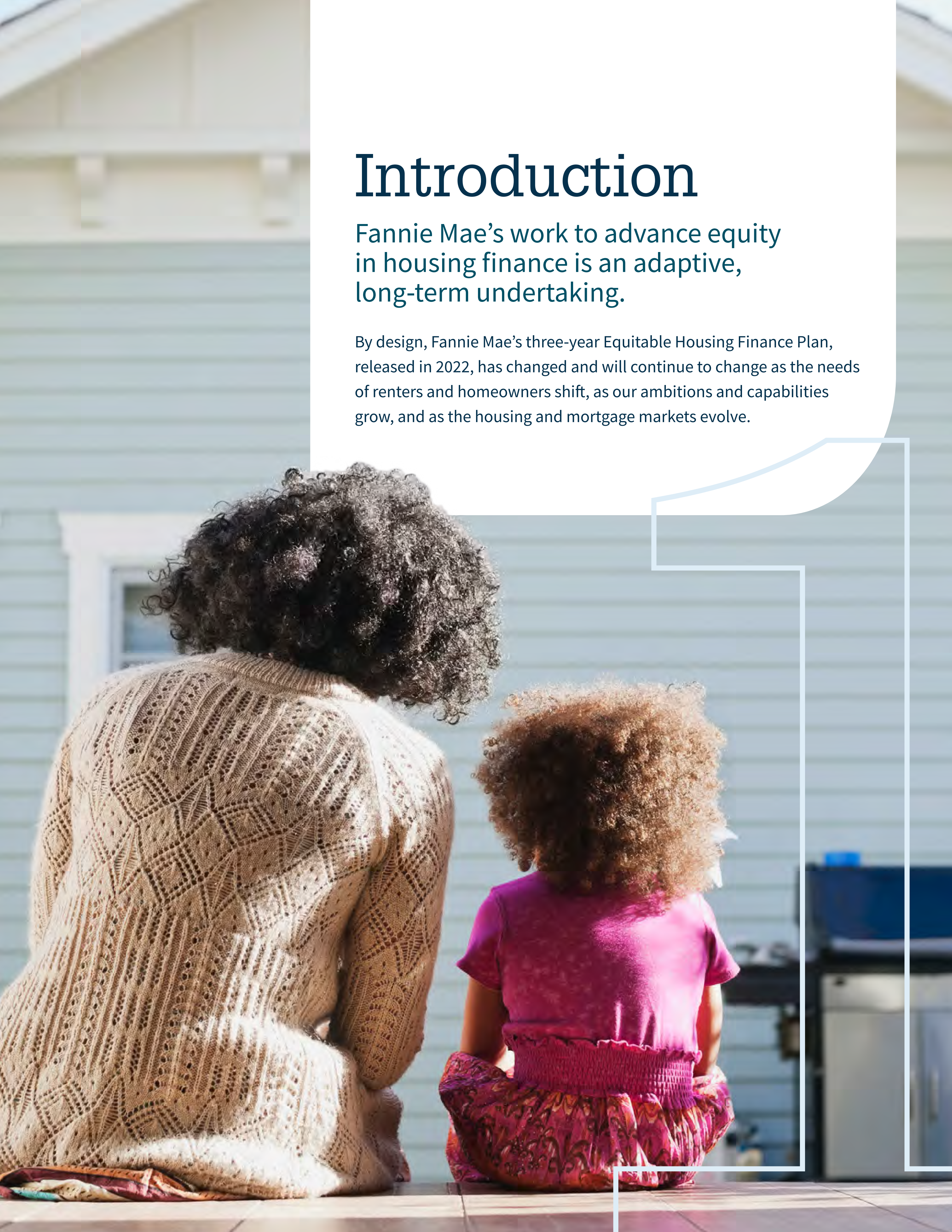
Introduction

Fannie Mae’s work to advance equity in housing finance is an adaptive, long-term undertaking.

By design, Fannie Mae’s three-year Equitable Housing Finance Plan, released in 2022, has changed and will continue to change as the needs of renters and homeowners shift, as our ambitions and capabilities grow, and as the housing and mortgage markets evolve.



This 2023 Plan Update outlines the actions we are pursuing in the second year of our 2022 – 2024 Equitable Housing Finance Plan. Many of the actions described here are new, while many others have been changed to take into account market dynamics and lessons learned.

What has not changed is our end goal: knocking down barriers that contribute to disparities in homeownership and access to affordable rental housing for people who have historically been underserved, ignored, or excluded by our country's housing and mortgage finance systems by virtue of their race, ethnicity, or other attribute.

This goal is a long-term commitment that is an essential part of Fannie Mae's mission, its long-term strategic business priorities, and is a core reflection of its corporate values. Fannie Mae's housing equity efforts have been guided by its Consumer Housing Journey, a data-driven, evidence-based, and consumer-centric framework for understanding barriers to stable housing and homeownership. Fannie Mae has continued to refine this journey map. In 2022, our first use case of the Consumer Housing Journey focused on Black renters and homeowners. In this Update, we applied a comparable approach to gain insight into the diverse housing journeys of Latino people in the United States.

The Plan's Update for 2023 contains important changes, including:

- **The incorporation of a newly created Latino Housing Journey** in the application of our Plan actions to address housing barriers faced by renters and homeowners
- **New actions** that build on Fannie Mae's initial Plan. Notably, new actions in this plan are designed specifically to improve equitable access to affordable rental housing and empower renters to improve their finances.
- **An innovation portfolio** that includes five projects to support the creation of community-based approaches to expanding homeownership and sustainable rental housing for Black people in communities of opportunity.
- **The closing out or removal of prior actions** deemed completed, unviable, or ineffective.
- **Revisions to most existing actions** based upon early test-and-learn programs, research, or consumer and stakeholder input.

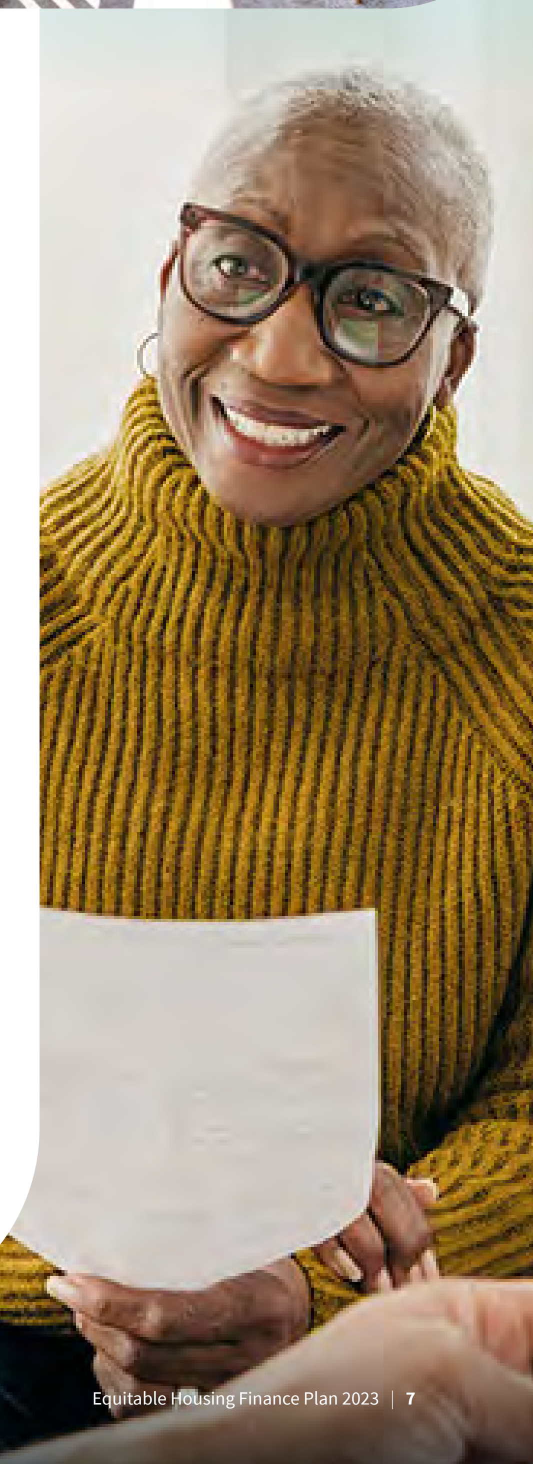
This Update contains the complete catalogue of actions we are pursuing in 2023, including each action's goals and, where applicable, hoped-for outcomes. This Update also contains an explanation of how our catalogue of actions changed in the first year.

This Update should be read in conjunction with Fannie Mae's Equitable Housing Finance Plan, originally released in June 2022, as well as its Equitable Housing Finance Plan Performance Report, which contains both narrative and data-driven results from our housing equity efforts in 2022.

Two primary objectives will drive our Plan as it continues to evolve:

- Reducing up-front rental and homeownership costs and eliminating outdated barriers related to insufficient credit to directly drive meaningful and measurable improvements in housing access and stability.
- Improving the chances for long-term success for underserved borrowers and renters by focusing on education and counseling, successfully navigating the mortgage process, and housing stability.

Housing market and economic conditions



This Plan, much like the Charter of Fannie Mae, must consider and respond appropriately to the macroeconomic environment and its impact on the mortgage market. In 2022, an array of powerful economic and housing market forces combined to make access to sustainable rental housing or homeownership for U.S. households more difficult than it has been in decades:

- Mortgage rates rose to a level not seen in 20 years, increasing the cost of borrowing after a prolonged period of unusually low mortgage rates.
- Home prices rose more than 35% on a national level from the beginning of 2020 to the beginning of 2022,[1] which has put buying a home increasingly out of reach for low-income consumers. At the same time, the months' supply of existing homes, upon which most first-time homebuyers rely, remains at historic lows.
- Inflation increased significantly, reducing the amount of income consumers have available to put toward a mortgage or rent. We estimate that as of January 2023, the mortgage payment on a newly purchased median-priced home would consume more than 30.1% of the income of a median-income household. In January of 2021, less than two years earlier, it would have consumed just 18.6%.
- Mortgage payment and rent increases have far outpaced income growth, particularly for the homes and rental properties considered most affordable. A 2022 analysis by the realty firm Redfin found that homebuyers need an annual income of $107,000 to afford a median-priced U.S. home, up 45.6% in one year. While rent growth began to ease in late 2022, it was only after rising 38% in the previous decade.[2]

The housing market is in a state of flux and transition. Home prices nationally began to decline in the second half of 2022. However, significant constraints on the supply of homes

1 Fannie Mae Home Price Index.
2 Fannie Mae Economic & Strategic Research Group estimate.

available for sale — particularly those affordable to low- and moderate-income homebuyers — mean that declines in home values likely will be moderate in the near- to medium-term. And the supply of homes affordable for purchase by low- and moderate-income households will continue to be particularly tight in geographic areas of high economic opportunity. Furthermore, continuing supply shortages of affordable multifamily units adversely impacts renters' ability to find housing.

As we work to achieve the objectives set forth in this Plan, we remain mindful of the underlying goal of delivering a sustainable homeownership or rental experience for its intended beneficiaries — and doing so in a way that is safe and sound for consumers, Fannie Mae, and the overall housing finance system.

As we describe in our first-year Performance Report, Fannie Mae has made strides to enable a fairer, more inclusive mortgage system and help renters access housing in communities of opportunity. Indeed, we believe that over time these strides can and will help reduce racial gaps on homeownership and rental opportunities. In the near term, however, progress will be challenging.

Given current housing market conditions, and barring an unforeseen nationwide program to increase the supply of affordable housing, the mortgage finance system's ability to deliver meaningful increases in homeownership rates in the near term is modest. This is why our emphasis on financial well-being, homebuyer education, and programs to promote ongoing housing stability and assistance in times of hardship are such critical components of this Plan.

The role of consumer outreach and engagement

The consumer education, counseling, and outreach efforts contained in this Plan are designed to address homeownership and knowledge gaps and to prepare consumers for unexpected hardships.

As discussed above, a key focus for Fannie Mae in 2023 is on housing stability: helping people stay in their homes so housing disparities do not widen further.

During the height of the COVID-19 pandemic, Fannie Mae implemented a comprehensive program to ensure as many homeowners as possible had the tools necessary to stay in their homes while navigating the economic and health effects of the pandemic. We began a nationwide education outreach program to provide consumers with actionable information about how to access housing support and relief options, especially for those whose lives and incomes may have been disrupted. The "Here to Help" campaign reached consumers with targeted online resources and demonstrated that there was not only an audience but a need for trusted sources of actionable information about navigating financial hardships that could affect a consumer's ability to make a monthly housing payment. Fannie Mae servicers implemented more than 1.4 million COVID-related forbearance plans by 2022, a result that we feel was facilitated by proactive consumer educational campaigns such as "Here to Help." Fannie Mae wants to build on this momentum. Indeed, through the on-going FHFA Servicing Alignment Initiative (SAI) first announced in 2011, Fannie Mae works together with Freddie Mac, under the direction of FHFA, to align home retention loss mitigation options. This alignment allows servicers to uniformly implement loss mitigation policies that promote equitable outcomes for borrowers facing financial hardship regardless of servicer. Fannie Mae will continue to work with FHFA and Freddie Mac on refining its retention loss mitigation options given macroeconomic conditions, focusing on updates to payment deferral plans and the "Flex Mod" waterfall to provide meaningful assistance to homeowners who may face hardships in 2023 and beyond.

This focus on housing stability — taking affirmative steps to improve homeowners' and renters' ability to remain stably housed through financial shocks or unexpected costs — is why several actions contained in this Plan include programs providing educational materials and tools to help Black, Latino, and other historically underserved consumers navigate not only homebuying but homeowning and renting. In addition, many of the discrete actions in this Plan entail direct consumer education and outreach, particularly for historically underserved consumers. Much of this work will entail tools to promote personal financial well-being that could benefit consumers in a variety of ways, not just in a quest for homeownership. For instance, aspects of our work highlight the benefits of making rental payments on time, over time, as well as maintaining good credit and building an emergency fund.

What is more, Fannie Mae is enhancing Desktop Underwriter® (DU®) in ways that will responsibly help enable access to sustainable mortgage financing for many historically underserved groups, including Black and Latino first-time homebuyers. Consumer awareness, understanding, and trust in these underwriting changes is an essential aspect of their long-term success.

Housing access and equity challenges have unique features rooted in local communities. The same can be said of the opportunities to address these challenges. A key ingredient in Fannie Mae's housing equity strategy is its ongoing engagement with and, in some cases, direct involvement in local efforts to address racial equity gaps in housing.

INNOVATION CHALLENGE

Fannie Mae's unique position in the secondary mortgage market enables us to bring together forward-thinking organizations to identify ways to knock down the barriers that many renters and homebuyers experience in their housing journey. Elevating and supporting these organizations, and learning how their efforts could be expanded to achieve results on a larger scale, was the driving force behind the inclusion of Fannie Mae's 2022 Sustainable Communities Innovation Challenge awardees in this Plan.

In 2017, Fannie Mae launched the Sustainable Communities Innovation Challenge, a nationwide open competition designed to spur innovation and incubate new ideas that tackle some of the toughest challenges in housing. Through the Innovation Challenge, we have been able to work closely with organizations in sectors adjacent to housing, such as health and education, to test new ways of addressing persistent gaps in housing access.

There are five Innovation Challenge actions in our updated Equitable Housing Finance Plan. These localized actions demonstrate opportunities to close housing inequities based on the specific needs of local communities. These actions were selected because they seek to overcome barriers common to many Black families with community-based solutions, including:

- Establishing or improving credit scores so Black households have more opportunities to rent, own, and build wealth with a home.
- Reducing up-front and ongoing costs associated with buying and owning a home — costs that for many first-time Black households are a significant barrier to achieving sustainable homeownership.
- Providing locally based support structures to help homeowners and renters withstand financial shocks or hardship to remain housed.

Three of the Innovation Challenge awardees in this plan aim to have a direct impact on local affordable housing supply, which is a major [driver of housing inequity in the United States](). Fannie Mae has limited ability to directly influence the supply of housing, but local efforts focused on the unique contours of community housing supply gaps can make a difference where it counts.

These Innovation Challenge winners are a prime example of the strategy behind this Equitable Housing Finance Plan, which entails:

- Driving change at scale where Fannie Mae has the direct ability to do so.
- Supporting or enabling the efforts of other groups and organizations who can help close equity gaps in specific industry areas or local communities.
- Experimenting, testing, and learning from new or untried tactics and approaches to old problems, because we know that effective change often starts small before it can have a big impact.

The obstacles these five Innovation Challenge awardees seek to overcome are not unique to their local communities. Renters and homebuyers in underserved communities throughout the United States — particularly Black people and other racial or ethnic groups — face diminished opportunities from systemic inequities in housing access that have lasted in many cases for generations. By supporting these innovative efforts, Fannie Mae believes they offer the potential for scalable solutions that could be adapted and deployed in other U.S. communities to help overcome these systemic inequities and potentially inform future Fannie Mae policies.

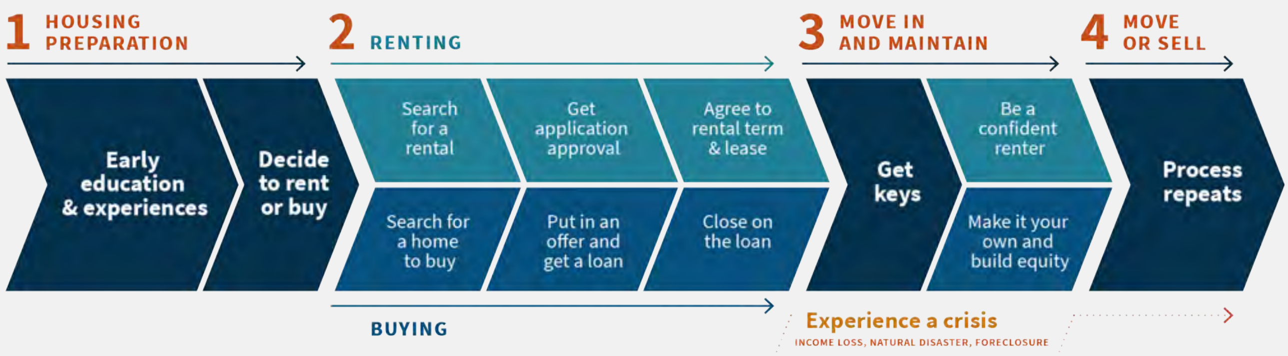
Our Actions

Solutions Rooted in the Consumer Housing Experience

To refine our focus and prioritize our actions in this Plan, we developed a consumer-centric framework that spans all aspects of a typical consumer's housing lifecycle. We call this framework the Consumer Housing Journey.

Our first use case of this Housing Journey is to understand the obstacles faced by Black renters and homeowners, which informed most of the actions originally included in our 2022 – 2024 Plan. In 2023, we expanded our scope to create a journey map for Latino consumers, as well.

Of course, we acknowledge that the housing experience of Black and Latino people in the United States is far from monolithic, and that the "Journey" we describe does not capture the infinite nuance of lived experience. Nevertheless, this journey mapping has proved a valuable and durable framework for both prioritizing our actions as well as refining the outcomes Fannie Mae seeks. The following figure illustrates the lifecycle of the Consumer Housing Journey.



While there are four stages in the consumer journey, Fannie Mae's actions in this Plan focus on the first three:

HOUSING PREPARATION:

Helping consumers prepare early for sustainable homeownership and access to quality rental housing through establishing strong financial and credit foundations.

RENTING OR BUYING:

Removing unnecessary obstacles consumers face in shopping for, acquiring, renting, or financing a home.

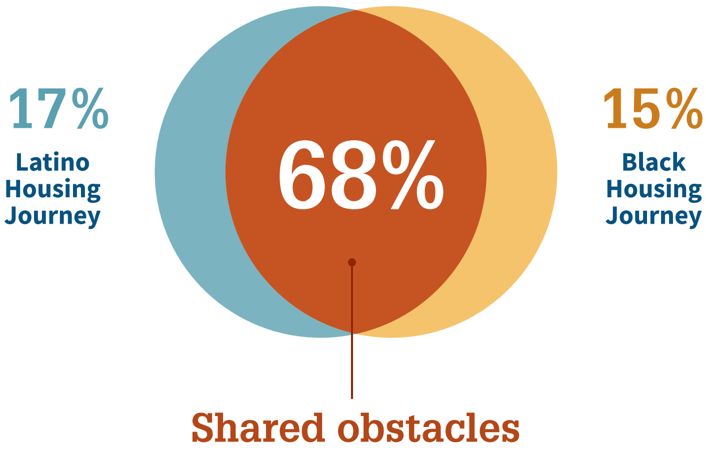
MOVE IN AND MAINTAIN:

Improving the infrastructure of sustainable homeownership so that homeowners and renters can withstand disruptions or crises and remain stably housed.

For each stage of the Consumer Housing Journey, Fannie Mae has sought to develop actions that could help to reduce or remove common barriers to accessing mortgage finance and long-term sustainable homeownership or rental housing for Black, Latino, and other historically underserved consumers.

As noted above, each person's housing journey is unique. However, historically underserved people and communities do, in fact, share common barriers to housing access. Indeed, Black and Latino people have long faced common systemic obstacles to accessing stable housing and homeownership, though they may experience these obstacles in different ways or at different times. Broadly, these common barriers include higher relative housing cost burdens — particularly up-front cost burdens — that lead to lack of savings and lower relative wealth, an inadequate supply of housing that is affordable, and household financial profiles (such as credit histories or income sources) that diverge from the "norm."

Consumers who identify as Black and/or Latino share many obstacles, and we have an opportunity to design solutions that impact both consumer groups.



Financial realities

Bias and unequal access

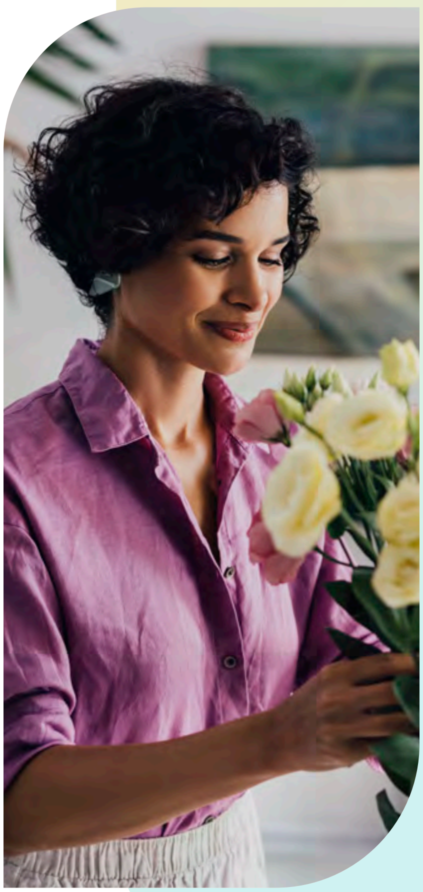
Lack of affordable housing

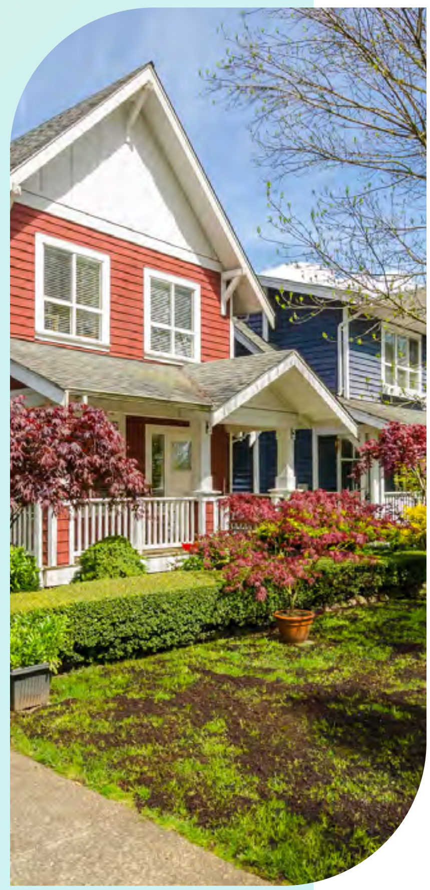
Housing vulnerability

Many of the actions outlined below address these shared obstacles.

Housing Preparation

In the following pages, we organize the actions of this Plan by the Consumer Housing Journey stage. Embedded in each action is the housing barrier we seek to help consumers overcome.





ACTION

Pilot rental payment reporting across the multifamily industry to help Black and Latino renters with no credit score establish a credit history and help those with low credit scores to increase them

Construct and launch a pilot project to evaluate the viability and effectiveness of having multifamily property owners report rental payment data to credit bureaus. If pilot findings are favorable, develop a Fannie Mae program to accelerate the adoption of rental payment reporting across the multifamily industry.

2023 TARGETS AND OUTCOMES:

In September 2022, Fannie Mae launched this pilot, which incentivizes multifamily borrowers to adopt positive rent payment reporting to credit bureaus. Esusu Financial, Inc., Jetty Credit, and Rent Dynamics are approved vendors who collect the rent payment data from participating multifamily property owners and format it for dissemination to the credit bureaus.

Fannie Mae will continue to track adoption through six previously identified non-white super majority or majority metropolitan statistical areas, with targeted outreach to borrowers in these areas.

- **Q1** Increase adoption of rental payment reporting at Fannie Mae properties, including targeted outreach, as well as establish quantifiable goals.
- **Q2** Start compiling preliminary findings and trends.
- **Q3** Complete active sign-up period of the pilot.
- **Q4** Continue findings period and start write-up of adoption, impact, and potential next steps.

OUTCOME:

We will track adoption and impact metrics including, but not limited to, number of units/properties adopted; number of residents reporting; overall opt-in/opt-out rate; and impact on credit scores that will be measured by the number of new credit scores established and improvements in existing credit scores.

"With my positive rent history and paying rent on time, my loan officer was able to get me approved for a conventional loan."

— Renter turned homeowner

NEW ACTION
Support financial capabilities coaching to build credit and savings in targeted markets

Fannie Mae has partnered with the Local Initiatives Support Corp. (LISC) to help consumers in priority markets build credit and savings. LISC supports local Financial Opportunity Center® (FOC) partners that provide financial coaching and other services to improve clients' financial capabilities. While FOC partners do not specifically focus on housing with clients, they support the foundational financial capability development, including building credit and savings, which is critical for stable homeownership and renting. In 2021 – 2022, Fannie Mae partnered with FOC sites to serve predominantly Black and Latino clients. To help FOC partners serve clients with a housing lens, we also supported LISC's development of a "Housing Assessment" questionnaire available to all FOC sites to help coaches assess the housing stability of their clients and establish housing-related goals.

2023 TARGETS AND OUTCOMES:

In 2023, the LISC partnership will focus on supporting LISC's FOC partners in the five priority markets of Philadelphia, the Twin Cities, Detroit, Chicago, and Houston, serving at least 60% people of color with financial coaching.

Q2 **500 participants**

Q4 **500 participants**

1,000 participants served through FOC services

60% or more
will be people of color

OUTCOME:
Our goal is to serve 1,000 participants through FOC services, serving 60% or more people of color and tracking clients' increases in credit scores and savings.

NEW ACTION

Support the implementation of a positive rent reporting program for Black renters to help them establish and/or improve credit using on-site financial coaching programs at rental properties (Innovation Challenge)

The Community Builders (TCB), a mission-driven, nonprofit real estate developer and manager of affordable rental properties, will help residents at nine of its rental properties in Chicago, Detroit, and Richmond establish and/or repair credit by implementing an on-time rent payment program. In addition, TCB will offer two optional programs for residents that complement the rent reporting program: financial coaching with an on-site Community Life Coach, and HUD's Family Self-Sufficiency program to help establish bank accounts and build savings through earned income. As with each of Fannie Mae's 2022 Innovation Challenge projects, the goal is to support local approaches to addressing housing inequities and the potential to scale that approach, where applicable, to other communities.

2023 TARGETS AND OUTCOMES:

A key objective in 2023 will be to support launch of the Esusu positive rent reporting program in three new markets (Chicago, Detroit, and Richmond). We will support TCB as they monitor changes in credit scores of participating residents (for example: establishing credit scores and/or improvements to existing credit scores).

Q1 Launch the Esusu Rent Reporting for Credit Building program at seven TCB properties in Chicago.

Q2 Launch the Esusu program at one TCB property in Detroit and one in Richmond. Launch optional Financial Coaching and Empowerment Program, including the Affordable Housing Workshop series. Finalize Early Childhood Education (ECE) partners.

Q3 Launch and enroll approximately 300 residents in the HUD Family Self-Sufficiency Program across properties in Chicago, Richmond, and Detroit.

Q4 Gather data from annual Community Life Questionnaires, and intake forms to develop resident and community baselines.

OUTCOME:

By the end of 2023, The Community Builders will have launched the Esusu Rent Reporting for Credit Building, Financial Coaching and Empowerment, and HUD Family Self-Sufficiency programs in all three markets. Achieving these outcomes will enable TCB to help approximately 1,700 Black renters establish and/or improve their credit by 2025.

NEW ACTION

Support the expansion of a comprehensive financial coaching and HUD-approved counseling and planning for development of affordable housing in rural Virginia (Innovation Challenge)

The Emporia Pathways project, led by the Southside Community Development & Housing Corp. (SCDHC) of Richmond, VA, will spur the development of healthy, thriving, sustainable communities in underserved, predominantly Black rural neighborhoods by expanding their HUD-approved financial counseling and employment coaching in Emporia, VA. SCDHC will create a comprehensive financial coaching and foreclosure prevention program while also providing pre- and post-purchase counseling, workforce development training, employment placement services, and matched savings programs. As part of this effort, SCDHC plans to secure financing and site development for affordable homes to rent or purchase. As with each of Fannie Mae's 2022 Innovation Challenge projects, the goal is to support local approaches to addressing housing inequities and the potential to scale that approach, where applicable, to other communities.

2023 TARGETS AND OUTCOMES:

In 2023, Fannie Mae will support SCDHC's expansion of HUD-approved counseling services, including a new walk-in service center, and production of an architecture and engineering design for site plan and infrastructure development for affordable housing in Emporia.

Q1 Conduct community convenings for Emporia residents to attract clients for housing counseling and open walk-in services in Emporia; complete the preliminary architecture and engineering survey.

Q2 Complete a marketing and community outreach and engagement plan for services offered to local residents; complete site planning for new rental units; secure support and additional financial resources for the 55-unit multifamily affordable housing development.

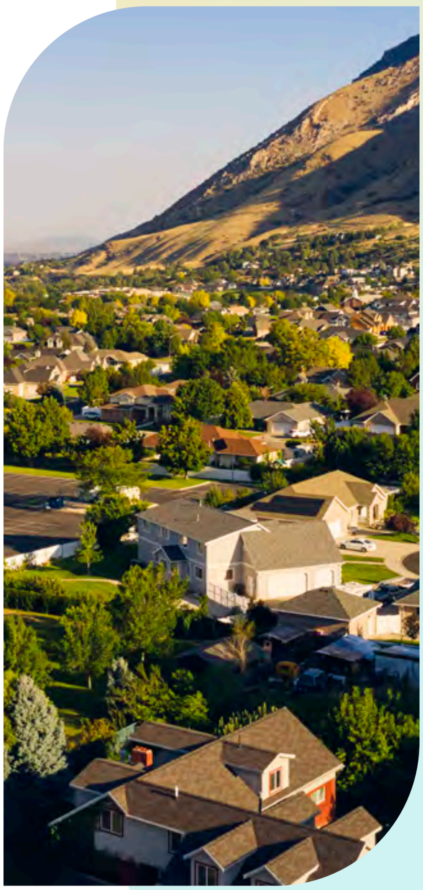
Q3 Complete site planning for new single-family homes; create a working group with City of Emporia and other stakeholders to develop a guidebook to be published in 2024 as a model for affordable housing developments in rural majority Black communities.

Q4 Provide at least 75 clients with housing counseling services; secure financing for single-family homes; complete capacity building to secure funds for affordable multifamily properties.

OUTCOME:

By the end of 2023, SCDHC will have provided 75 Emporia residents with financial and employment coaching and opened a new walk-in service center. In addition, SCDHC will have completed the site development plans for the new housing units. Achieving these outcomes will enable SCDHC to reach 150 Black consumers over two years and engage them in financial and employment counseling. Of that total, SCDHC expects 100 Black consumers will participate in their matched savings program. These efforts will also put SCDHC on the path to construct 70 new units of affordable housing by 2026 and publish a resource guide in 2023 for potential use by other rural communities.

Renting or Buying



ACTION:
Expand access for borrowers with insufficient credit through automated underwriting enhancements to support Black and Latino consumers

Increase access to credit for borrowers without a credit score by implementing automated underwriting enhancements that use bank statement data to assess or consider a borrower's monthly cash flow over a 12-month period to potentially enhance their credit risk assessment. We believe this will increase access for borrowers without a credit score by implementing capabilities to conduct a cash flow assessment[3] in Fannie Mae's automated underwriting engine, Desktop Underwriter (DU), and simplify the underwriting process by providing an automated option for lenders to document alternative sources of data used in automated underwriting. In 2022, we implemented both enhancements within DU for loans where no borrower has a credit score.

2023 TARGETS AND OUTCOMES:

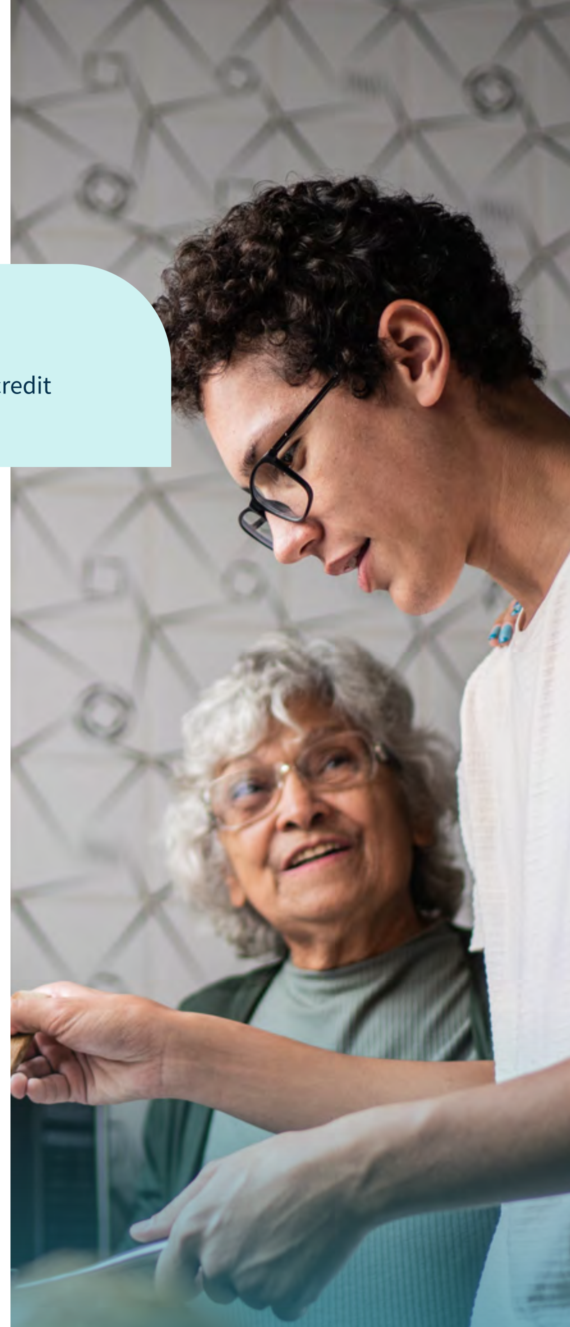
Utilization of the enhancement is primarily dependent upon mortgage lenders adopting and deploying this service. In 2023, our focus will be on increasing lender adoption of the new cash flow enhancement.

OUTCOME:
Growth in the number of Black and Latino consumers benefiting from the enhancement, as measured by an increase in lender adoption and loans delivered that used the enhancement.

"The market has changed so much over the past year. This is making a difference in helping borrowers buy a home."

— Mortgage lender

3 Cash flow assessment: Using borrower-permissioned bank statement data to assess or consider a borrower's cash flow by reviewing transaction patterns, balance trends, and other observations over time in their checking and savings accounts and investment accounts to make a prediction about an applicant's creditworthiness.



ACTION:
Expand access to credit for first-time homebuyers through an automated underwriting enhancement that considers a borrower's positive rent payment history as part of the credit risk assessment

Increase access to credit for first-time homebuyers by expanding adoption of lender and borrower use of the positive rent payment history enhancement. We will continue to expand adoption and usage of the positive rent payment history enhancement in DU by further driving adoption of the technical enhancement among lenders, vendors, and other key constituents to ensure broad availability for borrowers. In 2022, we expanded adoption of the positive rent payment history enhancement in DU via outreach through direct lender and vendor engagement, paid digital media outreach, earned and owned media, webinars, conferences, and partner and affinity marketing.

"By incorporating a vital component of their lives, such as rental payments, into the credit evaluation process, we can now provide a path to homeownership to these borrowers."

— Early adopter mortgage lender

Positive rent payment history data is also visible on Fannie Mae Connect™, an online portal for loan data, reporting, and analytics, to help lenders identify potential opportunities. Lastly, we launched a consumer informational marketing campaign to create awareness of the potential ability for consistent, on-time rent payments to help lenders qualify borrowers for a mortgage and encourage borrower outreach to lenders.

2023 TARGETS AND OUTCOMES:

Utilization of this enhancement is primarily dependent upon mortgage lenders opting and deploying this service. In 2023, our focus will continue to be on lender outreach and increasing adoption of the positive rent payment history enhancement on a year-over-year basis.

FACT:

Approximately

3,400

homebuyers were approved-eligible when they may not have been without including positive rent payment history.

OUTCOME:
Growth in the number of mortgage applications, the number of Black and Latino consumers benefiting, and delivered loans that used the enhancement.

ACTION:
Continue pilot of special purpose credit programs (SPCPs) to help support the expansion of homeownership and availability of down payment assistance (DPA), while exploring ways to reduce SPCP participation hurdles for lenders

Fannie Mae launched a special purpose credit program in late 2022 that offered flexibilities such as down payment assistance, expanded income-level eligibility for HomeReady® mortgages, reduced closing costs or other innovations that enable access to credit. Fannie Mae launched SPCPs in majority Black census tracts in Atlanta, Baltimore, Chicago, Detroit, Memphis, and Philadelphia. Interest in SPCPs across the mortgage landscape has continued to grow, and several industry participants are actively developing their own programs that have similar goals and communities in minds. In addition to our SPCP program, Fannie Mae is engaged with lenders and other industry stakeholders to support their SPCP efforts focused on enabling underserved borrowers to overcome obstacles rooted in historical inequities that are highly specific to local markets or populations.

2023 TARGETS AND OUTCOMES:

While still in its early stages (launched in December 2022), our focus will continue to be on lender readiness and pilot participation as a means to grow the number of borrowers in the pilot.

Throughout 2023, we will:

- Drive adoption with lenders through on-going engagement to increase applications and closed loans.
- Monitor and evaluate our SPCP program against pilot success measures.
- Continue to identify additional areas for opportunity to support Black and Latino homebuyers.

Fannie Mae will also incorporate the research from the Latino Housing Journey to expand our SPCP pilot markets to include specified majority Latino census tracts.

OUTCOME:
We will evaluate the SPCP program against the hypothesis that down payment and closing cost assistance, combined with other supporting counseling and sustainability assistance where possible, can effectively and safely be used to improve access to mortgage finance and homeownership.

ACTION:
Pilot options to defray and/or decrease the cost of renter security deposits to help Black and Latino renters qualify for quality rental housing and increase savings

Fannie Mae will evaluate options available to reduce up-front security deposit costs and the effectiveness of those options. Security deposits are a major factor in a renter's ability to obtain a rental unit, and the inability to afford a security deposit can have multiple ripple effects on housing stability over time. The initial pilot is expected to test how removing security deposit requirements affect renter stability, behavior, and retention, and will focus on affordable rental properties within our loan portfolio, especially those that serve Black and Latino communities. Outcomes will be contingent on successful development of a viable pilot program.

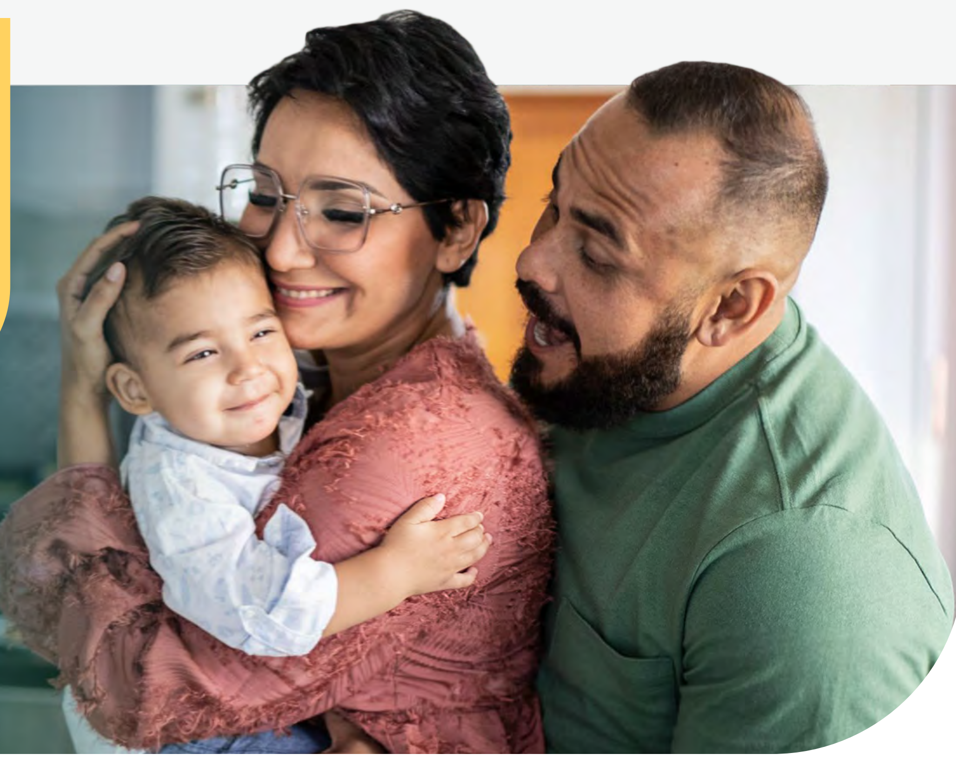
2023 TARGETS AND OUTCOMES:

Q1 Q2
Develop security deposit pilot program.

Q3
Launch security deposit pilot program.

Q4
Monitor and track progress, adjusting as necessary.

OUTCOME:
This action will seek to eliminate up-front security deposit costs for renters in properties in the pilot. We will evaluate the data against the established hypotheses throughout the duration of the pilot to determine effectiveness and potential next steps.



ACTION:
Close the knowledge gap for Black and Latino audiences with targeted outreach and expanded homeownership curriculum to create more confident consumers along the housing journey

While most Black and Latino renters express a desire to own a home, many also cite their lack of familiarity with the homebuying and mortgage process as a barrier to taking the first steps toward homeownership. Fannie Mae consumer research suggests that this familiarity gap holds consumers back. This gap is pronounced among Black and Latino consumers, more than half of whom state they are not sure how to start the process. Many of these consumers perceive the barriers as insurmountable, even when they can be overcome. For instance, 58% understood that a down payment of over 20% is required, even though first-time homebuyer mortgages are readily available with far lower down payment requirements. We believe Fannie Mae is well-positioned to help these consumers get the facts: 70% of Black and Latino consumers we surveyed would prefer to receive information from a company such as Fannie Mae. Expanding awareness of key topics to help people prepare to buy a home, and keep it, is a focal point for Fannie Mae's housing equity strategy. This action has two primary objectives: preparing more consumers for homeownership, and helping people keep their homes.

We will accomplish this by:

1. Closing the knowledge gap and ensuring that accurate information on Fannie Mae products, policies, and programs reach Black and Latino people to increase confidence in taking the next step.

2. Launching new HomeView® content to increase the number of people enrolled in HomeView.

3. Relaunching Fannie Mae's Here to Help program to equip new and existing homeowners with actionable information in the event of hardship.

> "It provides a pretty clear overview of the process and makes you think about where you need to be when you decide to start the purchase. Realtors should recommend taking this course as soon as you contact them, and the process would be quite easy and less traumatic."
> — HomeView participant

2023 TARGETS AND OUTCOMES:

Enhance and expand educational content aligned to key known barriers

- **Q2** Launch refreshed hardship content for both commercial and consumer audiences.
- **Q3** Introduce and test new HomeView early education curriculum given critical nature of early financial education to homeownership success.
- **Q4** Publish Latino segment playbook, a compilation of consumer research and best practices for reaching and engaging with Latino consumers.

Continue proactive marketing outreach to key audiences

- **Q1** Expand affirmative marketing outreach through national and local channels.
- **Q2** Launch HomeView outreach to Black and Latino consumers.
- **Q3** Relaunch Here to Help program targeting those in need with focus in key geographic areas.

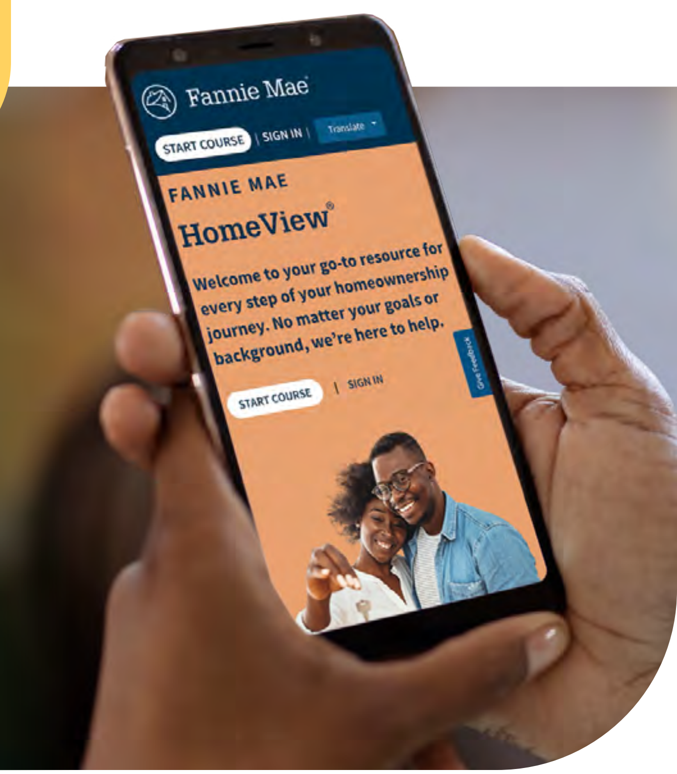
Monitor channels and content for reach and efficiency and set targets

- **Q2 Q3** Establish demographic reporting baseline for HomeView learner audience and set targets by the end of the third quarter.
- **Q4** Deliver 150,000 certifications via HomeView course by end of year.
- **Q4** Reach and engage 17 million people of color, women, and/or people with a disability by year-end and achieve 425,000 visits to FannieMae.com.
- **Q4** Evaluate performance of new HomeView early education course and set 2024 targets.

OUTCOME:
Fannie Mae will meaningfully expand the number of consumers who engage with and learn from Fannie Mae-branded affordable and first-time homebuyer mortgage information and who enroll in HomeView early education curriculum.

"This course was my best guide. It offered downloadable resources that I use to stay on the right track, keep organized, and make the process simpler and more manageable.
I am ready!"

— HomeView participant



NEW ACTION:
Explore the potential to derive value from Social Index-related mortgage-backed securities issuance to promote access to credit and borrowing cost reduction for underserved borrowers

In 2022, Fannie Mae began disclosing a Social Criteria Share and Social Density Score for issued mortgage-backed securities (MBS) pools — what we call Social Index scores. These two measures indicate the degree of concentration of loans within each pool featuring criteria identified for focus within our affordable housing mission, racial equity strategy, and Duty to Serve Plan. Pools featuring high Social Index scores could realize value reflecting investor preference for mortgages to underserved borrowers and communities, as well as value tied to specific performance expectations for the pooled loans. In 2023, we plan to test ways to use additional value, if gained, from the issuance and sale of high Social Index pools to further improve access to credit and reduce costs for borrowers. We also plan to promote further market adoption of the Social Index by both lenders and investors and enhance insights provided with MBS disclosures, while preserving the liquidity and dependability of the TBA market.

2023 TARGETS AND OUTCOMES:

Test mechanisms to deploy incremental value created to further mission results

Q1 Evaluate mechanisms and policies to use any incremental revenue from Social Index pools to support loan programs that benefit underserved borrowers.

Q2 Evaluate methods to encourage cash lenders to deliver loans that meet Social Index criteria.

Q2 Deploy a loan scoring utility to empower lenders to create MBS pools with advance certainty of their Social Index scores. (Lenders who issue their own MBS will be in a position to capture their own pay-ups as an added incentive to originate and underwrite more of these loans.)

Promote market adoption of the Social Index

Q1 Continue to educate investors and lenders on the design and features of Social Index MBS disclosures.

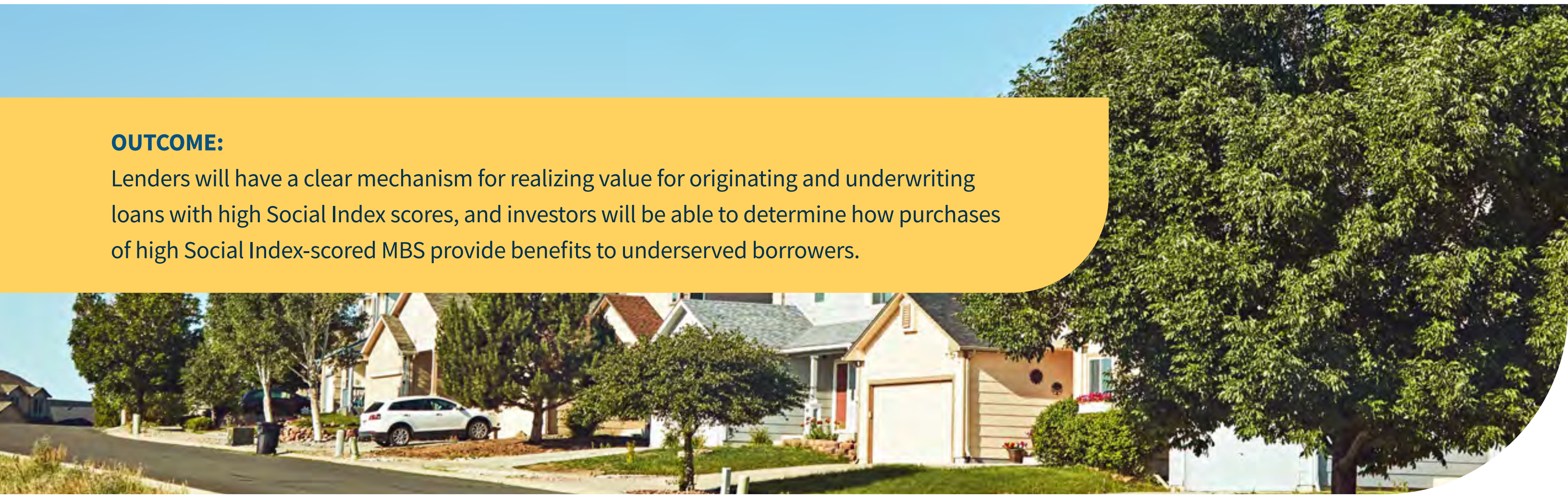
Q1 Target programmatic issuance of high Social Index pools to establish an MBS performance benchmark; achieve sustained auction participation from the dealer community.

Q4 Encourage market pricing/ modeling services to evaluate high Social Index pools appropriately to improve the market's valuation of these pools. (This could have the added benefit of supporting liquidity for depository holdings of Community Reinvestment Act pools, which often feature loans with high Social Index scores.)

Enhance insights provided with MBS disclosures and incorporate feedback from investors and other market participants

Q1 Evaluate potential aggregate-level disclosures that provide insights into the characteristics of the loans underlying the Social Index pools.

Q4 Evaluate potential incremental disclosures that could help investors assess borrower benefits.



OUTCOME:
Lenders will have a clear mechanism for realizing value for originating and underwriting loans with high Social Index scores, and investors will be able to determine how purchases of high Social Index-scored MBS provide benefits to underserved borrowers.

ACTION:
Valuation modernization to support an equitable appraisal process for Black and Latino households and communities of color

Fannie Mae believes there is a way to modernize how homes are appraised. Fannie Mae's 2022 Appraisal Bias Work Plan incorporates data analysis, technology, quality control, industry and consumer advocate engagements, and policy to reduce the potential for appraisal bias.

2023 TARGETS AND OUTCOMES:

Data Analysis/Technology/Quality Control (QC): We will continue to analyze appraisal bias patterns using a combination of subjective terminology and misvaluation indicators, and monitor for misvaluation through loan-level review that evaluates undervaluation and overvaluation data trends. We will apply lessons learned to our QC process for evaluating the quality of appraisals. In addition, we will continue the research and development of appraisal text scanning automation in 2023.

Industry and Consumer Advocate Engagement: We will convene lender representatives in appraisal management roles to share information about appraisal bias challenges and potential solutions, raising awareness of research results, new products, and technology enhancements at a minimum of 12 forums throughout 2023. We will also continue our active engagement with consumer advocates regarding best practices and potential improvements to our systems and processes.

Policy: In 2023, we will focus on building out traditional appraisal alternatives and understanding how they impact Black and Latino consumers from a bias, efficiency, and cost perspective.

- Q1 Design an approach to researching the shift from traditional appraisals to alternative valuation products.
- Q2 Develop a reporting action plan, based upon research results.
- Q3 Analyze and monitor the shifting of valuation products and impact to Black and Latino consumer groups.
- Q4 Based on lessons learned, and working with FHFA, evaluate the potential for adjusting eligibility criteria to better serve Black and Latino consumers.

OUTCOME:
Reduced friction for Black and Latino consumers, contributing to a more equitable homebuying process that can help increase housing stability for Black and Latino consumers.

ACTION:
Expand Appraiser Diversity Initiative to attract new entrants to the residential appraisal field by reducing barriers to entry (such as education, training, and experience requirements), and fostering diversity, which we believe will help to reduce the instances of appraisal bias for Black and Latino communities

The Appraiser Diversity Initiative (ADI) is a Fannie Mae-led initiative to create greater diversity within the housing appraisal industry. Through ADI, we seek to grow the number of diverse appraisers, including Black and Latino people. We do this by building awareness of the appraisal field as a potential career path for candidates from historically underrepresented groups and providing scholarships for selected individuals to participate in courses offered by the Appraisal Institute. These courses are designed to prepare candidates to begin working as an appraiser trainee and meet the educational requirements to attain a trainee license through their local state board. In addition to the coursework, the ADI helps connect program participants to industry sponsors and promotes the need to diversify the candidate pipeline for the housing appraisal industry.

"The Appraiser Diversity Initiative was a game-changer. I got to meet people who would mentor me. I want to make sure that people from diverse backgrounds know that this industry exists."

— 2022 ADI participant

2023 TARGETS AND OUTCOMES:

In 2023, Fannie Mae will focus on expanding the number of Black and Latino participants in ADI. We will:

- Research, develop, and implement an action plan that engages Latino communities in addition to Black communities.
- Provide 200 new appraiser trade profession scholarships (qualifying education hours/practical application experience hours).
- Host at least eight events to recruit diverse individuals to the ADI program in a variety of outreach opportunities (i.e., workshops, university/college fairs, and industry events).
- Industry sponsorships: Secure at least five new sponsors from industry stakeholders (i.e., lenders, appraisal firms, appraiser management companies, and advocacy groups).

OUTCOME:
ADI will award 200 scholarships through outreach events in an effort to improve the demographics of the appraiser workforce.

ACTION:
Reduce closing costs for consumers to help remove the barrier of lack of sufficient funds for closing (down payment plus closing costs)

Fannie Mae continues to identify opportunities to alleviate the high relative closing-cost burden for low-income borrowers, a disproportionate number of whom are Black and/or Latino. We are engaging with industry partners and providers to implement solutions aimed at reducing title insurance and/or escrow costs. In 2022, we conducted and published further research on closing costs as a driver of total housing costs, announced a 3% closing cost concession for low- and moderate-income purchasers of Fannie Mae real estate owned (REO) that has exceeded more than $1 million, updated the *Selling Guide* to allow lenders the option to utilize an attorney opinion letter in lieu of traditional title insurance, and explored options to reduce title insurance costs to borrowers.

2023 TARGETS AND OUTCOMES:

In 2023, Fannie Mae will develop the terms for a pilot to lower closing costs in targeted geographies, benefiting low- and moderate-income and historically underserved borrowers.

Q1, Q2	Finalize project definition, design, and development activities.
Q3	Draft a pilot program to lower borrower closing costs in specific geographies.
Q4	Collect data and feedback to determine success metrics and potential refinements.

When you have your own home, a piece of property you own, you have the American dream.”

— Potential homebuyer

OUTCOME:
Success will be evaluated based on the number of borrowers who benefit and the estimated average savings for each of these borrowers.

NEW ACTION:
Pilot a multifamily borrower diversity program to reduce barriers for property owners from historically underserved groups

Using third-party research and focus group sessions with market participants, Fannie Mae will identify unnecessary or artificial barriers faced by multifamily borrowers from historically underserved groups. We will implement a plan to address the identified contributing factors to these barriers, including working directly with lenders to remove these barriers and increase participation in our Multifamily business by historically underserved groups.

2023 TARGETS AND OUTCOMES:

Fannie Mae will begin by conducting in-depth research on the real or perceived barriers for property owners, then identify ways in which our own processes or procedures can change to remove those barriers.

Q1	Summarize findings of third-party research and survey information.
Q2	Create a plan to address necessary updates to processes and procedures to help reduce identified barriers to underserved borrowers.
Q3–Q4	Execute plan actions.

OUTCOME:
We will grow the representation of borrowers and provide greater access to capital for historically underserved groups. We will also create a mechanism to establish a baseline that will help us measure our future success on this action.

NEW ACTION:
Launch a Delegated Underwriting and Servicing (DUS®) correspondent diversity program

Expand DUS lender diversity by cultivating relationships between lenders and diverse correspondents to improve access to capital in historically underserved markets. Fannie Mae will encourage these business relationships to facilitate local-market investment by and for historically underserved communities.

2023 TARGETS AND OUTCOMES:

- **Q1** Baseline the current level of minority-owned correspondent relationships currently in place among DUS lenders.
- **Q2** Develop and deploy a plan to facilitate the expansion of minority-owned correspondent relationships through networking events and other means.
- **Q3–Q4** Monitor and track progress, adjusting as necessary.

OUTCOME:
We will encourage the growth of partnerships between DUS lender partners and correspondent firms serving historically underserved communities.

NEW ACTION:
Develop and launch Sponsor-Dedicated Workforce (SDW), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders

Sponsor-Dedicated Workforce (SDW) will offer a private financing mechanism, utilizing pricing and underwriting incentives, to create and preserve workforce housing, and is designed to increase the availability of affordable housing supply. This initiative is designed for conventional multifamily borrowers. A borrower elects to restrict the rents on a minimum of 20% of the units at levels affordable to tenants earning up to 80% of Area Median Income (AMI), and up to 100% AMI and 120% AMI in cost- and very-cost burdened markets, respectively, as defined by FHFA. These rent restrictions maintain workforce affordability for the life of the loan.

2023 TARGETS AND OUTCOMES:

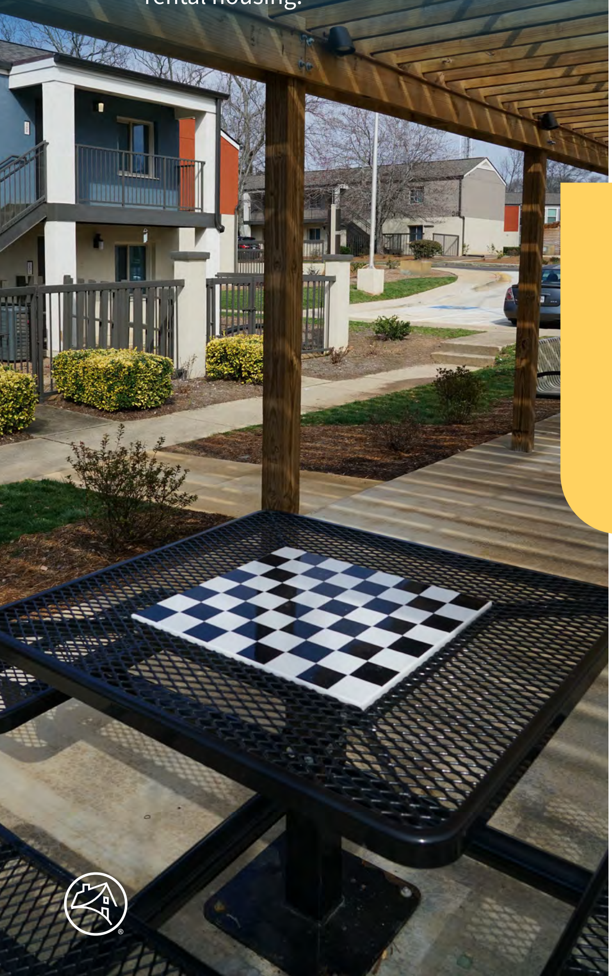
Pending regulatory review and approval, Fannie Mae will launch SDW in the second quarter of 2023.

Q1, Q2	Development of SDW and pursuit of regulatory approval.
Q2	Anticipated external launch with supporting marketing campaign and program materials.
Q3	Increase lender and borrower outreach and education.
Q4	Continue external education and market outreach; review for enhancements; monitor adoption; set strategy for 2024.

OUTCOME:
SDW will preserve and, in some deal instances, create affordable supply of multifamily workforce housing, primarily for renters within 80% – 120% of AMI, for the life of the Fannie Mae financing on the property. Property location for SDW transactions will be tracked against demographic data to map the availability of this affordable supply for Black and Latino households. We will use this data to inform enhancements to marketing and initiative terms as needed.

NEW ACTION:
Continue to advance Sponsor-Initiated Affordability (SIA), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders

Sponsor-Initiated Affordability (SIA) offers a private financing mechanism, utilizing pricing and underwriting incentives, to create and preserve affordable housing, and is designed to increase the availability of affordable housing supply. This initiative is used by Multifamily Affordable Housing (MAH) and Social Impact borrowers. A borrower elects to restrict a minimum of 20% of the units as affordable to renters at 80% AMI or less, as adjusted for family size, and rent cannot exceed 30% of adjusted AMI for unit size. These rent and income restrictions maintain affordability for the life of the loan and address the lack of affordable supply of rental housing.



2023 TARGETS AND OUTCOMES:

SIA is an active initiative, launched in 2021. In 2023, the focus will be on expanding adoption among properties with expiring affordability agreements to preserve affordability, and on marketing it to Environmental, Social, and Governance (ESG)/Social Impact affordable housing funds.

Q1	Provide internal and external SIA refresher trainings and updated 2023 documentation online.
Q2	Monitor SIA adoption and consider suggestions for enhancements, identify priority deals, and refresh deal use cases to reflect any wins that emphasize properties in communities with a plurality of Black and Latino households.
Q3	Enhance SIA, as necessary, and identify priority deals.
Q4	Continue to aggregate and prioritize enhancements, monitor adoption, and set strategy for 2024.

OUTCOME:
SIA will preserve and, in some deal instances, create affordable supply of multifamily workforce housing, primarily within the 80% AMI and below renter bands for the life of the Fannie Mae financing on the property. Property location for SIA transactions will be tracked against demographic data to map the availability of this affordable supply for Black and Latino households. We will use this data to inform enhancements to marketing and initiative terms as needed.

NEW ACTION:
Support the revitalization and expansion of housing opportunities in a historically Black neighborhood through rehabilitation and infill housing (Innovation Challenge)

ReBUILD Metro will leverage a community-driven redevelopment model to work with community leaders in Baltimore's Johnston Square neighborhood (a historically Black neighborhood) to renovate abandoned or dilapidated properties, convert vacant lots into affordable rental housing units, prepare Black first-time homebuyers to purchase redeveloped properties, and cultivate programs to help long-time residents make major home repairs. As with each of Fannie Mae's 2022 Innovation Challenge projects, the goal is to support local approaches to addressing housing inequities and the potential to scale that approach, where applicable, to other communities.

2023 TARGETS AND OUTCOMES:

In 2023, ReBUILD Metro will engage with Johnston Square residents and community leaders for feedback on redevelopment designs, establish groundwork for implementation of its Path to Own Program (financial education and coaching program), and produce completed designs for stabilization of vacant/abandoned properties and development of affordable rental housing units. To help preserve the affordability of new units, they will use a 40-year deed restriction. We will track the progress of renovations for vacant/abandoned properties, progress on the development of new affordable rental housing units, and restructuring of the Path to Own Program for implementation in Johnston Square.

- **Q1** Continue community engagement (monthly community meetings, citywide meetings, events, etc.) and initiate process to support and adapt Path to Own Program to accommodate Johnston Square neighborhood.
- **Q2** Publish study on Baltimore housing market and vacancy data and present findings to community leaders from neighborhoods throughout Baltimore.
- **Q3** Complete stabilization designs that can be replicated across properties to simplify property renovations.
- **Q4** Complete designs for about 100 affordable rental housing units and retail/community space. Stabilize 25 dilapidated homes to reduce hazards and prevent further deterioration.

OUTCOME:
By the end of 2023, ReBUILD Metro will have completed community engagement to obtain resident input/feedback on redevelopment designs/amenities, initiated the stabilization (interior demo, roofing, and framing) of 25 vacant/abandoned homes, and produced completed designs for the development of affordable rental housing units, retail/community space, and a 4-acre community park. Achieving these outcomes will enable ReBUILD Metro to initiate the construction for approximately 100 new units of affordable rental housing for low-income residents, complete major home repairs for 10 long-time Johnston Square residents, and implement a financial education/coaching program to help prepare 50 Black residents to become first-time homebuyers (these activities are expected to be completed by the end of 2024).

NEW ACTION:
Support the creation of locally owned modular construction facilities in urban communities of color (Innovation Challenge)

The Last Mile Network project, led by Module and in partnership with Enterprise Community Partners, will demonstrate feasibility of locally owned modular construction facilities to complete energy-efficient and sustainable affordable housing in urban communities of color. They will conduct outreach and network development, conduct feasibility studies to determine potential market size and employment impact of families located in urban settings; and develop a modular development playbook for Black developers and housing providers in Richmond, VA, and Prince George's County, MD. As with each of Fannie Mae's 2022 Innovation Challenge projects, the goal is to support local approaches to addressing housing inequities and the potential to scale that approach, where applicable, to other communities.

2023 TARGETS AND OUTCOMES:

Actions in 2023 include creating the framework, building place-based relationships/networks, and laying the groundwork to expand the micro-factory concept in each location. We will track Module's outreach to Black-owned and/or Black-led developer organizations and the number of Black developers and housing providers trained in modular construction practices and principles.

Q1 **Q2** Commence local engagement and network development in Richmond and Prince George's County. Begin drafting modular development training materials and begin the feasibility study for Prince George's County.

Q3 Conduct training for developers on how to build using modular construction. Continue stakeholder engagement and education in Richmond and begin the feasibility study. Develop a document analyzing models of local ownership and entrepreneurship for the network facilities.

Q4 Analyze the local ownership and entrepreneurship landscape in Prince George's County and complete the feasibility study.

OUTCOME:
By the end of 2023, Module and Enterprise Community Partners will have established a network of community and workforce development leaders, Black developers, and affordable housing providers interested in partnering in the micro-facility work in Richmond and Prince George's County. They will also deliver the feasibility study to stakeholders in Prince George's County and finalize the feasibility study for Richmond, which will be delivered in early 2024. Achieving these outcomes will position Module to execute on the findings of the feasibility studies, including opening a new micro-facility that employs local residents and produces affordable housing units in each market by early 2025.

NEW ACTION:
Support the development of a locally controlled special purpose credit program to increase Black homeownership (Innovation Challenge)

Twin Cities Habitat for Humanity (TC Habitat) of Minnesota, in partnership with the Minnesota Homeownership Center, will develop and deploy an identity-based special purpose credit program (SPCP) to provide down payment assistance to eligible Black homebuyers in the Twin Cities seven-county metro region to increase Black homeownership rates. Participant eligibility is based on the race and country of birth of the potential homebuyer. As of 2021, the Black homeownership rate in the Twin Cities metro region was 20% compared to the white homeownership rate of 70%.[4] As with each of FannieMae's 2022 Innovation Challenge projects, the goal is to support local approaches to addressing housing inequities and the potential to scale that approach, where applicable, to other communities. Fannie Mae will evaluate this action with an eye toward developing effective methods to bring secondary mortgage market liquidity to third-party SPCPs.

2023 TARGETS AND OUTCOMES:

A key objective in 2023 will be to learn from TC Habitat as they design the SPCP through a community-based co-creation design process that can be deployed at scale by local/regional financial institutions. Fannie Mae will track TC Habitat's progress for development of SPCP, outreach to potential homebuyers, onboarding of lending institutions to deploy SPCP, and the number of consumers supported under the SPCP. We will also support TC Habitat as they perform the following activities:

- **Q1** Perform evaluation of existing TC Habitat SPCP activities to inform regional SPCP product guidelines, and outline plan for consumer engagement.
- **Q2** Collect and assess feedback on the product prototype from community participants/industry partners and utilize insights to refine product.
- **Q3** Define guidelines for product origination, servicing, reporting, and outline a plan to raise $10.7M in capital funding for product.
- **Q4** Convene local Community Development Financial Institution (CDFI) partners to finalize lender outreach plan and prepare product launch.

OUTCOME:
By the end of 2023, TC Habitat will have developed a regional SPCP product that provides down payment assistance and financial education and coaching to Black homebuyers. Achieving this outcome will enable TC Habitat to launch their new product in early 2024. By the end of 2024, they expect to support 214 Black homebuyers in the region who will receive down payment assistance to purchase a home and/or financial education and coaching to help prepare them to become homebuyers.

4 Urban Institute.

ACTION:
Connect diverse (Black and Latino) college students to career opportunities in housing and real estate finance via the expansion of Fannie Mae's Future Housing Leaders® program

Future Housing Leaders (FHL) is a free, Fannie Mae-led service that helps companies create a more diverse workforce. Through building industry awareness, attracting early career diverse talent, providing foundational and professional education, and leveraging partnerships, FHL provides companies in the housing industry with a pipeline of diverse talent to introduce them to careers in housing. By partnering with FHL, housing industry employers have access to a talent network that can help companies fulfill their commitments to forging a more diverse and inclusive workforce.

2023 TARGETS AND OUTCOMES:

Our 2023 goal is to onboard 225 diverse FHL intern participants and 20 new housing finance industry employer partners. In 2023, FHL will work to strengthen the quality of applicants through focused improvements in professional, foundational, and corporate behavior education and a deliberate concentration on college sophomores and juniors, which will expand our talent pipeline of qualified, diverse students. This approach is a shift from FHL's focus on industry employer hiring demand and is aligned with identified skill gaps that industry employers see with their diverse early career new hires. These modifications will be accompanied by unique learning journeys, industry certifications, and LinkedIn badges aimed at increasing the credibility and recognition of FHL's talent community. The FHL team is currently preparing to test this approach during the summer of 2023. Concurrently, in 2023, FHL will continue to support the industry in our previous capacity but will require more from industry partners to ensure delivery of diverse students.

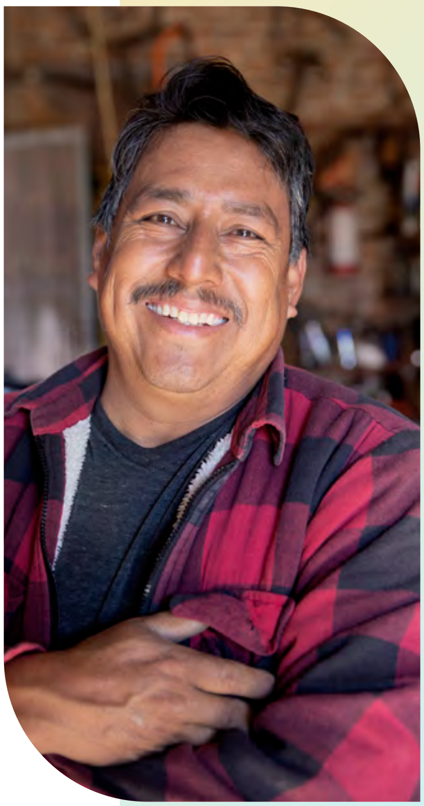
- **Q1** Begin recruiting activity for 2023 summer internships, identify skill gaps, and establish learning journeys.
- **Q2** Finalize 2023 summer program and curriculum; finalize employer partners and FHL participants for 2023.
- **Q3** Summer internships and FHL summer program commences; report number of employer partners and diverse FHL participants toward 2023 goal.

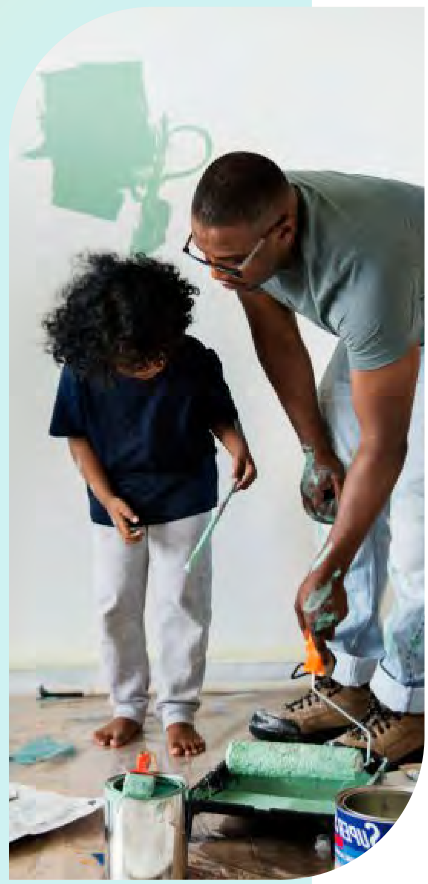
OUTCOME:
Increase the representation of early career Black and Latino hires in the housing industry.

The information presented was extremely beneficial to my future career development. I always knew that connections were important in business and career opportunities, but FHL provided me with resources to turn the skills I learned into action."

— Former FHL intern

Move In and Maintain





ACTION:
Pilot homeownership sustainability services, such as post-purchase counseling and mortgage reserve accounts, as a feature of special purpose credit programs (SPCPs) to strengthen borrower housing stability over time

Fannie Mae will test adding ongoing education and counseling support to one or more SPCP pilots to strengthen borrower housing stability over time. We will also continue to identify opportunities to offer mortgage reserve accounts to SPCP lenders, and potentially tailor the account to address home maintenance and repairs. Using learnings from the initial reserve account pilot, develop a replication and scaling plan for a reserve account to support borrower stability post-purchase.

2023 TARGETS AND OUTCOMES:

Fannie Mae will offer post-purchase counseling services to SPCP borrowers in one or more of the six primary markets in 2023: Atlanta, Baltimore, Chicago, Detroit, Memphis, and Philadelphia. We will also evaluate the potential of offering reserve accounts for participants in these SPCPs, including operational considerations, financing opportunities to fund the accounts, and potentially alternative program design elements tailored to home repair.

- **Q1** Commence post-purchase counseling on loans that close in first quarter.
- **Q2** Collect reporting on files closed and percentage of consumers attending post-purchase sessions; analyze market conditions and lender feedback regarding scalability opportunities for mortgage reserve account.
- **Q3** Collect reporting on files closed and percentage of consumers attending post-purchase sessions; identify potential scaling opportunities for mortgage reserve account offering to all SPCP lenders.
- **Q4** Review reporting for post-purchase counseling files for the calendar year; assess findings from mortgage reserve account pilot launch to determine scalability of offering, including project cost, match funding source, match usage, and post-purchase education requirement.

OUTCOME:
From a consumer perspective, Fannie Mae will monitor how these post-purchase services help to strengthen homeowner stability that can be reported on over time. From a servicer perspective, Fannie Mae will track the number of interested lenders, total cost of the program, program design elements, and legal and operational considerations that can help to inform how to scale these services.

NEW ACTION:
Promote awareness of fair servicing best practices to address borrower loss mitigation disparities

Identify and promote best practices for fair servicing observed in the mortgage servicing industry.

2023 TARGETS AND OUTCOMES:

Q1 Validate successful execution of *Servicing Guide* A2-1.01: General Servicer Duties and Responsibilities; interview four new servicers each quarter to learn about their fair servicing practices; begin building out best practices for fair servicing.

Q2 Interview four servicers to learn about their fair servicing practices; continue building out best practices for fair servicing; engage with consumer advocacy groups to gather and document best practices for fair servicing.

Q3 Interview four servicers to learn about their fair servicing practices; aggregate feedback and fair servicing resources to inform servicing industry best practices; begin marketing engagement for development of fourth-quarter deliverable.

Q4 Interview four servicers to learn about their fair servicing practices; create formal best practice and/or resource curriculum to include learnings from servicer and consumer advocacy group discussions focused on fair servicing to be made available to servicers.

OUTCOME:
Full implementation of *Servicing Guide* announcement SVC-2022-06 (as found in *Servicing Guide* A2-1.01) by servicing industry will take time for servicers to build out a data set. The data set may be used to analyze their portfolio to determine if there are any disparities in loss mitigation. Additionally, the collection of best practices and resources for fair servicing, by Fannie Mae, will be promoted in the industry in the fourth quarter. This should lead to greater servicer focus on equitable borrower outcomes in 2024 and beyond.

ACTION:

Expand counseling services for renters and homeowners facing hardship

As we continue to support consumers with education and resources that aim to address knowledge gaps across the Consumer Housing Journey (that include our Here to Help campaigns), we will also continue supporting relationships with HUD-approved housing counseling agencies to deliver housing counseling services to eligible borrowers and renters needing default/foreclosure/tenant eviction prevention, disaster recovery, and/or post-modification counseling services. Research demonstrates post-purchase counseling increases the probability that a distressed borrower receives a loan modification by 57.5%, delinquent borrowers are more likely to receive higher reductions in monthly payments and exhibit lower redefault rates after a serious delinquency, and that participation in post-purchase counseling reduces the probability that a borrower will lose their home in foreclosure.[5,6]

2023 TARGETS AND OUTCOMES:

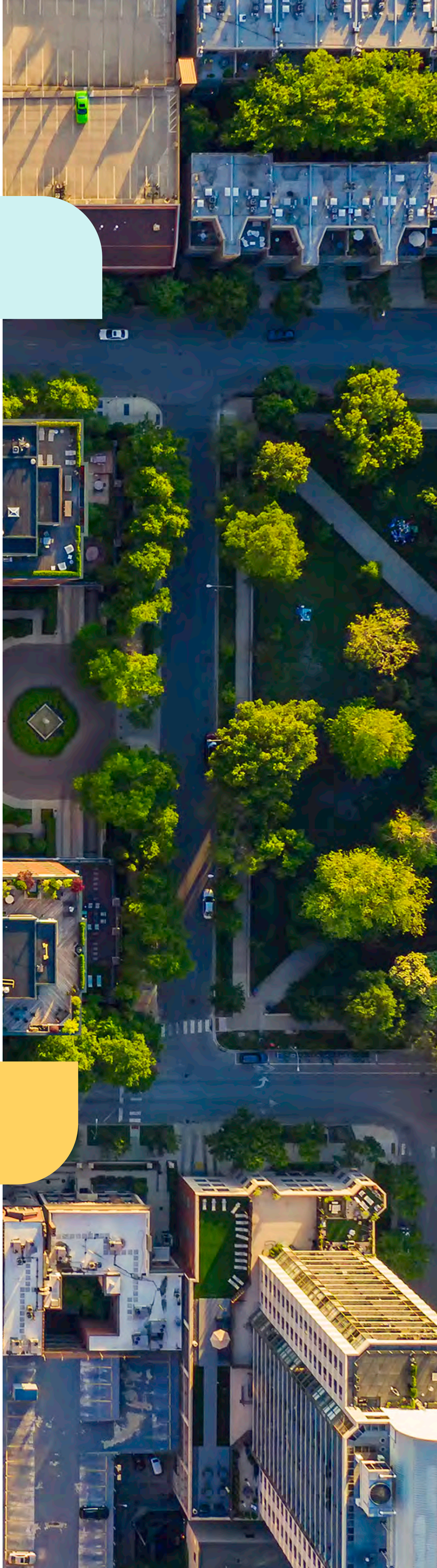
Q1, Q2	Fannie Mae will finish building and will operationalize the new user experience for access to our counseling resources.
Q3	Test and launch new experience across consumer touchpoints.
Q4	Fannie Mae will deliver 9,000 counseling sessions to renters and homeowners in distress, which includes ongoing support.

OUTCOME:

Our goal is to increase access to post-purchase counseling, an evidence-based approach to reduce redefault among homeowners experiencing distress, particularly those from historically underserved groups. We will measure progress through number of sessions/calls and assess the reach of counseling to historically underserved groups.

5 J. Michael Collins and Maximilian D. Schmeiser, "The Effects of Foreclosure Counseling for Distressed Homeowners," *Journal of Policy Analysis and Management*, vol. 32, no. 1, 2013, pp. 83 – 106.

6 Neil Mayer, Peter A. Tatian, Kenneth Temkin, and Charles A. Calhoun, National Foreclosure Mitigation Counseling Program Evaluation Final Report Rounds 1 and 2, Washington, DC: NeighborWorks America, December 2011.



ACTION:
Provide climate analytics to empower communities with data, enabling them to make a stronger case for change and resources

Providing climate analytics can help communities prepare for the increasing risk of climate change. The expectation is that the analytics will inform an approach to mitigate the risks to that community. These analytics will use predictive modeling to assess the risk of climate-related events (e.g., flooding, wildfire, heat) to the SPCP pilot markets of Baltimore and Memphis.[7] This effort aims to work with communities that are likely to experience climate-related risks with significant Black and Latino populations.

2023 TARGETS AND OUTCOMES:

In 2023, this initiative will expand on the existing work with the communities of Baltimore and Memphis.

- **Q1** Facilitate discussion with representatives from both communities about data provided as well as any data that the respective communities might be able to share with Fannie Mae.
- **Q2** Update, merge, modify, and analyze additional data for new insights.
- **Q3** Facilitate discussions on possible adaptations with the Army Corps of Engineers.
- **Q4** Outline lessons learned from the engagement and identify new markets to target for outreach.

OUTCOME:
We will engage directly with local officials to demonstrate geographic areas of risk, along with any overlays in underserved communities.

7 While the measures each community takes to mitigate climate risk will depend on a variety of factors (e.g., funding, available resources), we seek to empower communities with data to enable them to make a stronger case for change and resources. Access to analytics can help disadvantaged communities develop action plans that may help them compete for state or federal grants targeted toward climate resiliency.

Fannie Mae Considerations and Potential Constraints

Implementation Considerations

Appropriateness of pilot activities. The innovations and actions described in the Plan require Fannie Mae to conduct extensive research and pilots. Pilots involve limited scope testing of hypotheses to compare expected results to actual results and thereby inform decisions regarding broad market rollout. As pilots are developed, we consider many factors, including legal and regulatory requirements, success measures, timelines, and the appropriate market participants with which to partner. At the end of a pilot's lifecycle, we determine whether to stop, continue the pilot to test additional variables, or to deploy the innovation to the broader market. Piloting a proposed innovation helps to ensure that the expansion of affordable, sustainable, and healthy housing options for consumers follows a safe and sound structure.

Certain pilots Fannie Mae undertakes are disclosed on Fannie Mae's website, under "Pilot Transparency."

Seller/servicer adoption and implementation considerations. Successful lender implementation and adoption are dependent upon engaging with and gathering input from a diverse set of sellers and servicers (i.e., depositories, mortgage banks, credit unions, servicers) and their industry partners (i.e., loan origination systems, point of sale systems, servicing/loss mitigation platforms) to test and learn prior to broad rollout.

- Fannie Mae currently leverages our network of lenders, counseling agencies, Housing Finance Agencies, education providers, and housing finance industry technology partners to complete research, pilots, and/or staged rollouts of proposed policy, product, and/or service changes. Implementation risks include the inability and/or unwillingness of seller/servicers to participate in pilots.
- Prior to broad rollout, each new product, capability, policy, or service undergoes an internal market-readiness assessment from cross-functional stakeholders (i.e., legal, marketing, operations, digital alliances, customer support) that review and confirm releases are market-ready from a customer, industry partner, and enterprise perspective.
- Activities must be evaluated for possible notice to FHFA as a "new activity" under the updated New Products and Activities Rule, and must also be evaluated in regard to, and implemented in compliance with, FHFA requirements as Conservator.

Mortgage insurer support considerations. Successful implementation of new charter-compliant initiatives may depend on the participation of approved mortgage insurer partners that already insure nearly all of our higher loan-to-value loans (greater than 80%) in order to meet our charter requirement.

Approved mortgage insurers have demonstrated their cooperation with us in testing and standardizing innovative guidelines for lenders to underwrite, originate, and service loans based upon a relationship built on transparency of data and ideas. However, the implementation risk for a number of items in this plan includes the inability and/or unwillingness of mortgage insurers to participate in new pilots.

Appendix

Research Agenda

We rely extensively on both original and publicly available research in the creation and execution of this Plan. Our 2023 research agenda is designed to (1) assess the impacts of the actions within the Plan, and (2) lay the research groundwork for potential future actions to address obstacles across the Consumer Housing Journey where Fannie Mae can have the greatest impact.

Fannie Mae in 2023 will expand on a range of market and consumer research initiatives, many conducted in partnership with third parties, to enable evidence-based refinements to future updates to our Equitable Housing Finance Plan.

Black Housing Journey

Fannie Mae will further develop this consumer journey map through literature review and primary research to further inform and quantify the magnitude of each of the obstacles relative to the Black-white homeownership gap, improve housing stability, address the needs of renters, and better understand the capacity needed to address the obstacles faced by Black households. As we produce this research, Fannie Mae will also work with others in the mortgage industry to obtain additional data sources. We intend to share the updated Black Housing Journey research with housing market participants.

Heirs' property

Heirs' property — the most common term for the informal transfer of a home from one generation to the next without clear title — is considered by many researchers to be a root cause of wealth inequality in the United States. It leads to a common form of "wealth-stripping" for Black and Latino communities and serves as a key barrier to housing-generated wealth for historically underserved consumers. Formal transfer of a property from one generation to the next is central to intergenerational wealth creation, but heirs' property often gets in the way. Absent a clear title, property owners are unable to access traditional mortgage financing to build a new home or repair an existing home, access disaster relief funds, or monetize a home's equity. Fannie Mae, along with our primary research partner, are engaging in a rigorous analysis of deed and assessment data to produce the foremost estimation of the heirs' property dilemma throughout the United States, synthesize best practices employed by local practitioners to resolve heirs' property disputes, and make recommendations for the mortgage industry to support the resolution of potential borrowers' heirs' property issues. The resulting report will include estimates of heirs' property parcels at the county or parish level. While the report will provide insight into the methodology developed, it will not contain a detailed description to prevent speculators from using the research as a resource to identify potential individual heirs' properties and target property owners.

Latino consumer research

The Latino consumer marketing research initiative is focused on helping us better understand Latino consumers' attitudes, behaviors, and experiences as they relate to housing and media consumption. This research will help create a more informed marketing and communication strategy specific to this audience.

Latino Housing Journey

Fannie Mae will produce an initial version of the Latino Housing Journey and further develop the Housing Journey map through literature and primary research to inform and quantify housing barriers for Latino families. As we produce this research, Fannie Mae will also seek to partner with others to obtain additional data sources. We intend to share the Latino Housing Journey research with housing market participants.

Preferred language access program

Urban Institute projects that between 2020 and 2030, most of the net newly formed households will be Black, Latino, and Asian households. Understanding the changing demographics of households, languages spoken in the home, and language preference are key to understanding how to meet these families where they are. In 2023, Fannie Mae will establish an enterprise-wide language access strategy and plan. Fannie Mae will research sources of documentation that directly or indirectly help homeowners and renters access needed information on homebuying, renting, or home retention, as part of a multi-year strategy to ensure preferred language options are available wherever possible.

If you're going to sell and talk to a community, I think it's important to have a deep understanding of that community. I would love to see a company just … take some time to learn more about [our community and culture].”

— Latino consumer

Governance Strategy and Execution

Fannie Mae has developed internal governance and procedures around the tracking and progress of our Plan execution. The governance and strategy execution provide a unified, centrally administered approach to Plan management within Fannie Mae and closely follow existing processes in place for tracking status against enterprise-level goals and initiatives. Our process includes regular status reporting to senior management on the completion of deliverables as set forth in the Plan, with evidence to support our progress to date. It also includes the identification of risks or other issues that may endanger our ability to fully execute against the deliverable(s) within the established timeframe. Activities deemed to be off-track are escalated as necessary and require a root cause analysis and a plan of action.

Implementation of actions described in the Plan remains subject to prior notice to FHFA, and where appropriate prior approval by FHFA, through existing governance requirements (including the New Product rule and the Variances and Terms of Business Framework).

Modifications to the Plan based on market conditions, additional opportunities, or other factors follow established internal governance processes to assess and recommend changes and remain subject to prior review and approval by FHFA.

In addition to our internal plan governance and commensurate with the FHFA Directive, Fannie Mae and FHFA will continue recurring meetings, monitor progress data, and review the success measurements throughout the timeframe of the Plan.

Summary of Consultations

Fannie Mae consultations that helped inform this Update are summarized below. These consultations were with nonprofit organizations, community groups, consumers, governmental agencies, lenders, technology service partners, and other participants in the housing finance industry. Consultations were held during 2021 and 2022. We will continue to consult relevant stakeholders over the course of the Plan's three-year period.

These consultations were generally focused on racial equity, housing stability, Consumer Housing Journey maps, agreement to support and/or participate in actions or research that are components of the Equitable Housing Finance Plan, and/or to advance the Fannie Mae mission. These engagements and consultations contributed to our development of the actions in this Plan and often included discussion of strategies to more effectively and safely and soundly serve very low-, low-, and moderate-income borrowers who may also be beneficiaries of the actions in our Equitable Housing Finance Plan.

Nonprofit organizations/community groups/coalitions

American Enterprise Institute	LISC: Local Initiatives Support Corporation
Asian Real Estate Association of America	LISC Memphis
Balance	Manufactured Housing Institute
Center for Responsible Lending	Minnesota Homeownership Center — Housing Equity
Coalition of HUD-Approved Intermediaries	Money Management International
Convergence Columbus Inc.	National Association of Home Builders
Convergence Memphis Inc.	National Association of Local Housing Finance Agencies
Credit Advisors Foundation	National Association of REALTORS®
Credit.org	National Community Reinvestment Coalition
Florida Housing Coalition Center for Racial Equity	National Fair Housing Alliance
Florida Minority Community Reinvestment Coalition	National Foundation for Credit Counseling
HomeFree-USA	National Multifamily Housing Council
Homeownership Council of America	New York Mortgage Coalition
Homeownership Preservation Foundation	Oweesta Corp.
Housing Partnership Network	Prosperity Now
Junior Achievement	UnidosUS
Leadership Conference on Civil and Human Rights	

Technology service providers/fintech

Accurate Group	Jetty
Amrock	MeridianLink
Black Knight	Mueller
Blend	Optimal Blue
Clarifire	Radian
Clear Capital	Rent Dynamics
Docutech	Rocket Mortgage
DXC	Sagent
Equifax Mortgage Solutions	SharperLending
Esusu	Simple Nexus
Fiserv	Stewart
ICE Mortgage Technology	Solidifi
IndiSoft LLC	True Footage

Governmental agencies

Colorado Housing and Finance Authority	State of New York Mortgage Agency (SONYMA)
Illinois Housing Development Authority	U.S. Department of Housing and Urban Development
Massachusetts Housing Finance Agency	Virginia Housing Development Authority
Office of Comptroller of the Currency (Project REACh)	West Virginia Housing Development Fund
Ohio Housing Finance Agency	

Additional relevant consultations

Appraisal Institute	National Consumer Law Center
Black Homeownership Collaborative	National Council of State Housing Agencies
Fannie Mae Affordable Housing Advisory Council	National Housing Conference
Mortgage Bankers Association	National Urban League
National Association of Hispanic Real Estate Professionals	Partnership for Equitable and Resilient Communities (PERC)
National Association of Real Estate Brokers	Urban Institute

Other industry participants

Consumer Data Industry Association	Finastra
Credit Karma	M&T Bank
Equifax	TransUnion
Experian	VantageScore
Fair Isaac	Walker & Dunlop

Summary of Plan Actions

This chart contains a summary of each action we are pursuing as part of our Equitable Housing Finance Plan in 2023. Actions with a 2023 debut year are newly added to the Plan.

Housing Preparation

2022 PILOT	Pilot rental payment reporting across the multifamily industry to help Black and Latino renters with no credit score establish a credit history and help those with low credit scores to increase them
2023	Support financial capabilities coaching to build credit and savings in targeted markets (LISC)
	Support the implementation of a positive rent reporting program for Black renters to help them establish and/or improve credit using on-site financial coaching programs at rental properties to enable Black renters to establish or improve their credit history (Innovation Challenge)
	Support the expansion of a comprehensive financial coaching and HUD-approved counseling and planning for development of affordable housing in rural Virginia (Innovation Challenge)

Renting or Buying

2022	Expand access to credit for first-time homebuyers through an automated underwriting enhancement that considers a borrower's positive rent payment history as part of the credit risk assessment
PILOT	Continue pilot of special purpose credit programs (SPCPs) to help support the expansion of homeownership and availability of down payment assistance (DPA), while exploring ways to reduce SPCP participation hurdles for lenders
PILOT	Pilot options to defray and/or decrease the cost of renter security deposits to help Black and Latino renters qualify for quality rental housing and increase savings
	Close the knowledge gap for Black and Latino audiences with targeted outreach and expanded homeownership curriculum to create more confident consumers along housing journey

PILOT	Valuation modernization to support an equitable appraisal process for Black and Latino households and communities of color
	Expand Appraiser Diversity Initiative to attract new entrants to the residential appraisal field by reducing barriers to entry (such as education, training, and experience requirements), and fostering diversity, which we believe will help to reduce the instances of appraisal bias for Black and Latino communities
PILOT	Reduce closing costs for consumers to help remove the barrier of lack of sufficient funds for closing (down payment plus closing costs)
	Expand Future Housing Leaders® (FHL) to increase the representation of Black and Latino people in the housing industry to improve access to economic opportunities while creating an industry that better reflects the diversity of the nation
2023	Expand access for credit-invisible borrowers through automated underwriting enhancements to support Black and Latino consumers
	Leverage the value derived from Social Index-related mortgage-backed securities issuance to promote access to credit and borrowing cost reduction for underserved borrowers
	Pilot a multifamily borrower diversity program to reduce barriers for property owners from historically underserved groups
	Launch a Delegated Underwriter and Servicer (DUS®) correspondent diversity program
	Develop and launch Sponsor-Dedicated Workforce (SDW), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
	Continue to advance Sponsor-Initiated Affordability (SIA), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
	Support the revitalization and expansion of housing opportunities in a historically Black neighborhood through rehabilitation and infill housing (Innovation Challenge)
	Support the creation of locally owned modular construction facilities in urban communities of color (Innovation Challenge)
	Support the development of a locally controlled special purpose credit program to increase Black homeownership (Innovation Challenge)

Move In and Maintain

2022	Expand counseling services for renters and homeowners facing hardship
PILOT	Pilot homeownership sustainability services, such as post-purchase counseling and mortgage reserve accounts, as a feature of special purpose credit programs (SPCPs) to strengthen borrower housing stability over time
	Provide climate analytics to empower communities with data, enabling them to make a stronger case for change and resources
2023	Increase awareness of fair servicing best practices to address borrower loss mitigation disparities

Summary of Plan Changes from 2022 to 2023

Below is a list of the 17 actions in 2022, as titled in the original Equitable Housing Finance Plan, accompanied by the material changes made to that plan's description, problem statement, milestones, or outcomes as articulated in this 2023 Update. This list should be viewed in conjunction with the 2022 Equitable Housing Finance Performance Report, which includes narrative descriptions of how our plan actions evolved and progressed in 2022, and which is incorporated by reference. Unless specifically noted, the populations these actions seek to benefit in 2023 were expanded to include Latino consumers, wherever applicable.

Build and Launch Fannie Mae First-Time Homeownership Education Curriculum that aims to provide consumers with education on the full spectrum of the homebuying process	Close the knowledge gap for Black and Latino audiences with targeted outreach and expanded homeownership curriculum to create more confident consumers along housing journey	The ambition and scope of this action has been expanded to address the need for trusted, independent sources of information to help consumers get and keep their home. In 2023, this action will focus on homeowner and renter stability and on "closing the knowledge gap" around mortgage eligibility, Fannie Mae products and policies, and programs to help Black and Latino people take affirmative steps toward homeownership.
Execute SPCP Pilots to help support the expansion of homeownership eligibility and availability of down payment assistance (DPA), while exploring ways to reduce SPCP participation hurdles for lenders Execute SPCP Pilot to support the reduction of borrower closing costs for Black homebuyers via appraisal products, appraisal reimbursements, and/or title products	Continue pilot of special purpose credit programs (SPCPs) to help support the expansion of homeownership and availability of down payment assistance (DPA), while exploring ways to reduce SPCP participation hurdles for lenders	These two 2022 actions relating to SPCP loan initiatives were combined in 2023, as both actions entail features at loan origination to reduce costs. SPCP-specific education/counseling and mortgage reserve account initiative (actions 13 and 14 in the original plan) remain the focus of a separate but related consolidated action in 2023.

2022 ACTION	2023 ACTION	SUMMARY OF CHANGES
Expand Eligibility and Access for credit-invisible borrowers through automated underwriting enhancement and positive rental data implementation to support the expansion of eligibility for Black consumers	Two actions • Expand access for credit-invisible borrowers through automated underwriting enhancements to support Black and Latino consumers • Expand access to credit for first-time homebuyers through an automated underwriting enhancement that considers a borrower's positive rent payment history as part of the credit risk assessment	In 2023, Fannie Mae divided this action into two separate actions to better focus efforts on two distinct consumer barriers: credit invisibility and thin credit. The first is focused on serving credit-invisible borrowers through the introduction of a borrower's monthly cash flow information over a 12-month period to potentially enhance credit risk assessment for borrowers without a credit score. The second is focused on serving borrowers with thin credit histories and expanding adoption and usage of the positive rent payment history enhancement in Desktop Underwriter by further driving adoption of the technical enhancement among lenders, vendors, and other key constituents to ensure broad availability for borrowers.
Enhance Eligibility and Underwriting via Rental Reporting to Credit Bureaus to support the expansion of eligibility for Black consumers (Amplify the Consumer Data Industry [CDIA] Rental Empowerment Project)	N/A	We continue to engage with CDIA on this project, but only in an advisory capacity. Because the ultimate outcome of the Rental Empowerment Project lies with CDIA's Metro 2 task force members, and not Fannie Mae, we discontinued this action as a formal part of our Enterprise Housing Equity Plan in 2023.

2022 ACTION	2023 ACTION	SUMMARY OF CHANGES
Launch Closing Cost Calculator Tool	N/A	While Fannie Mae continues to pursue the development of a closing cost calculator tool for consumers, this action was eliminated from the Plan in 2023 and going forward after a determination that it did not align with the specific goals of the Plan, in that its scope was too broad from a population perspective. When the tool is completed, it will be available on the consumer-facing pages of fanniemae.com.
Test adding ongoing education and counseling support to one or more SPCP pilots to strengthen borrower housing stability over time Test add-on features to one or more SPCP pilots aimed at strengthening ongoing borrower stability by helping borrowers deal with unexpected expenses and repairs, or temporary disruptions to income	Pilot homeownership sustainability services, such as post-purchase counseling and mortgage reserve accounts, as a feature of special purpose credit programs (SPCPs) to strengthen borrower housing stability over time	These two actions were combined in 2023 to consolidate our add-on sustainability features related to SPCPs. The updated action will focus on post-purchase counseling services to SPCP borrowers in one or more of Fannie Mae's six primary markets in 2023, and developing a comprehensive plan to offer reserve accounts for participants in these SPCPs.
Provide ongoing oversight of Servicer Forbearance/Loss Mitigation efforts	N/A	Fannie Mae conducted a statistical analysis to determine if there are disparities across certain borrower profiles or protected classes, including non-white vs. white borrowers, gender, and age groups. As a result of this analysis, Fannie Mae found no disproportional outcomes across race/ethnic groups or gender in loss mitigation monitoring. Fannie Mae will continue to monitor these metrics but, as a result of our findings, this action will no longer be formally included in the Equitable Housing Finance Plan.

NEW ACTIONS FOR 2023

This chart includes twelve (12) new actions added to Fannie Mae's Equitable Housing Finance Plan in 2023.

Support financial capabilities coaching to build credit and savings in targeted markets (LISC)
Support the implementation of a positive rent reporting program for Black renters to help them establish and/or improve credit using on-site financial coaching programs at rental properties to enable Black renters to establish or improve their credit history (Innovation Challenge)
Support the expansion of a comprehensive financial coaching and HUD-approved counseling and planning for development of affordable housing in rural Virginia (Innovation Challenge)
Leverage the value derived from Social Index-related mortgage-backed securities issuance to promote access to credit and borrowing cost reduction for underserved borrowers
Pilot a multifamily borrower diversity program to reduce barriers for property owners from historically underserved groups
Launch a Delegated Underwriting and Servicing (DUS®) correspondent diversity program
Develop and launch Sponsor-Dedicated Workforce (SDW), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
Continue to advance Sponsor-Initiated Affordability (SIA), a Fannie Mae Multifamily loan incentive initiative for use by multifamily borrowers and lenders
Support the revitalization and expansion of housing opportunities in a historically Black neighborhood through rehabilitation and infill housing (Innovation Challenge)
Support the creation of locally owned modular construction facilities in urban communities of color (Innovation Challenge)
Support the development of a locally controlled special purpose credit program to increase Black homeownership (Innovation Challenge)
Increase awareness of fair servicing best practices to address borrower loss mitigation disparities