



Fannie Mae Manufactured Housing Loan Product

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

2. Establish pilot program for investments in non-profit organizations, Community Development Finance Institutions (CDFI), small financial institutions, or other entities that have a major focus on MHC with Non-Traditional Owners (Partner and Innovate).

SUMMARY OF RESULTS:

FHFA has determined that this Objective was infeasible for 2018.

Following are the 2018 Actions under this Objective as published in the December 14, 2018 Duty to Serve Plan:

Using Fannie Mae's multifamily product development process, design a pilot investment program that will include, but not be limited to, a review of:

One to five potential investment types that could include:

Intermediary Line of Credit for CDFI and similar organizations.

Equity Equivalent Investment ("EQ2"), a relatively common investment structure utilized in the CDFI market.

Program Related Investment ("PRI") for CDFI and/or non-profit organizations. A PRI is a longer term debt investment at a below market interest rate that can be utilized as lending capital.

Purchase of certificates of deposit at small lending institutions.

Purchase stock in CDFI.

As part of the pilot, determine the following:

Investment underwriting guidelines.

Approval process requirements.

Maximum allocated portfolio capacity.

Asset management requirements.

Reporting requirements.

Performance measures including traditional financial measures as well as impact performance measures.

Secure preliminary internal approval for proposed pilot program.

Submit pilot program to FHFA for review and approval.



If the pilot program complies with Fannie Mae's Charter Act and receives approval from FHFA, implement the steps necessary to begin to make investments commencing in 2019.

Analyze lessons learned in 2019 to determine if any modifications are needed for 2020.

SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)
- Objective partially completed: 0-24% (less than a minimal amount)

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

- 50-Substantial Impact
- 40
- 30-Meaningful Impact
- 20
- 10-Minimal Impact
- 0-No Impact

IMPACT EXPLANATION:

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

N/A

2. (Optional): How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation.

N/A

3. (Optional): Are there any market factors that adversely impacted the actions under this objective? If so, describe.

N/A

4. (Optional): How did the actions under this objective contribute to increased or future loan purchases for the underserved market?

N/A



Fannie Mae Manufactured Housing Second Quarter Report: January 1 - June 30, 2018 Loan Product

ACTIVITY:

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OBJECTIVE:

2. Establish pilot program for investments in non-profit organizations, Community Development Finance Institutions (CDFI), small financial institutions, or other entities that have a major focus on MHC with Non-Traditional Owners (Partner and Innovate).

SUMMARY OF RESULTS:

Fannie Mae continues to focus on crafting a final investment pilot proposal. We held a number of internal and external conversations to seek input and evaluate which investment structure will best allow us to serve the market.

We also had conversations with a number of CDFIs that focus on non-traditional MHC owners. As a result, we narrowed down the alternatives and plan to finalize the proposal to FHFA in the next quarter.

Following are the 2018 Actions under this Objective:

- Using Fannie Mae's multifamily product development process, design a pilot investment program that will include, but not be limited to, a review of:
 - One to five potential investment types that could include:
 - Intermediary Line of Credit for CDFI and similar organizations.
 - Equity Equivalent Investment ("EQ2"), a relatively common investment structure utilized in the CDFI market.
 - Program Related Investment ("PRI") for CDFI and/or non-profit organizations. A PRI is a longer term debt investment at a below market interest rate that can be utilized as lending capital.
 - Purchase of certificates of deposit at small lending institutions.
 - Purchase stock in CDFI.
- As part of the pilot, determine the following:
 - Investment underwriting guidelines.
 - Approval process requirements.
 - Maximum allocated portfolio capacity.
 - Asset management requirements.
 - Reporting requirements.
 - Performance measures including traditional financial measures as well as impact performance measures.
- Secure preliminary internal approval for proposed pilot program.
- Submit pilot program to FHFA for review and approval.



- If the pilot program complies with Fannie Mae's Charter Act and receives approval from FHFA, implement the steps necessary to begin to make investments commencing in 2019.
- Analyze lessons learned in 2019 to determine if any modifications are needed for 2020.

SELF-ASSESSMENT RATING OF PROGRESS:

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

ADDITIONAL INFORMATION (IF APPLICABLE):