



Fannie Mae Rural Housing Outreach

ACTIVITY:

B. Regulatory Activity: Housing for high-needs rural populations (12 C.F.R. § 1282.35 (c) (2)).

OBJECTIVE:

3. Create and implement work-plans and purchase loans secured by multifamily housing for Native Americans and agricultural workers (Analyze, Do What We Do Best).

SUMMARY OF RESULTS:

In 2018, Fannie Mae's efforts related to high-needs rural regions focused on learning about challenges and market opportunities to develop products and strategies with the most scalable, meaningful, and sustainable impact.

Backed by research from the Housing Advisory Council (HAC) and Fannie Mae's economics team, we created work plans focused on both Native American communities and agricultural worker communities. The work plans address both the challenges for each population and the potential roles and actions Fannie Mae could take to alleviate those challenges. Specifically, the work plans discuss potential product enhancements intended to create or preserve affordable rural units. These enhancements include potential changes to our Selling Guide and underwriting standards, as well as integration of innovative product features that are linked to proven strategies in rural multifamily housing markets. The work plans also discuss ways that Fannie Mae could make an impact outside of secondary market financing, such as support for capacity building of rural and Native American Community Development Financial Institutions (CDFIs), and technical assistance for rural owners and potential investors. In 2018, we identified and met with partners that could help us to realize those goals.

We established the Fannie Mae Duty to Serve Rural Advisory Council (Rural Advisory Council), a group of trusted rural housing practitioners with rich experience in both single-family and multifamily housing. The Council informs our Duty to Serve strategy, provides substantive feedback on our planned activities, such as those listed in the work plans, and offers valuable insight into the unique characteristics of rural populations. We also formed subcommittees, including a committee on Native American and farmworker housing, within the Rural Advisory Council to allow us to dig deeper into the multifamily housing market features unique to high-needs populations.

We attended affordable rural housing conferences, forums, bus tours, and roundtables across the country to share our Duty to Serve Plans and identify potential partners and opportunities. In September, Fannie Mae employees traveled to McAllen, Texas for our rural roundtable. We met with a diverse group of housing professionals to analyze the state of affordable housing in rural communities for discussions, panels and presentations.

Fannie Mae did considerable research about the Department of Housing and Urban Development and the United States Department of Agriculture programs that are designed to support multifamily housing for members of high-needs rural populations. Developing loan products that complement existing federal programs aligns with the potential roles for Fannie Mae mentioned in our work plans and increases the scale of our efforts and likelihood of success. We also explored Fannie Mae's historical book of business that was focused on high-needs populations, and considered the various ways that agricultural worker populations are identified and where they are located nationally.

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

In conjunction with Fannie Mae Single-Family efforts:

Facilitate one rural housing roundtable with cross-functional industry representation to discuss, analyze, and solve the challenges facing high-needs rural populations.



Establish a Fannie Mae Rural Housing Advisory Council with subcommittees representing each of these high-needs rural populations to gain a deeper understanding of the market challenges affecting these high-needs rural populations and discuss how these challenges can be met.

Conduct one annual meeting of the Advisory Council to solicit guidance and information as Fannie Mae implements the activities outlined in the Plan.

Participate in two key conferences as a means to network with key industry stakeholders and to communicate the "Duty to Serve" message.

Based on research and outreach results, create one multifamily Native American work-plan and one agricultural workers work-plan that will address key multifamily affordable housing issues, including, respectively, (1) identification of Native American and agricultural worker communities; (2) identification of the three top multifamily housing issues that need to be addressed in these communities; (3) two potential roles for Fannie Mae Multifamily in serving each of these communities; and (4) two key actions (e.g., reviewing Fannie Mae's current products to determine what potential changes could be made to increase liquidity to these populations, or survey lenders to document barriers to lending to these populations) that would enhance Fannie Mae's ability to serve the multifamily market for both populations.

As part of the outreach and product development work occurring in connection with purchasing rural loans from small financial institutions, determine if any of the small financial institutions have a focus on Native American or agricultural worker housing that can be leveraged to increase liquidity to Native Americans and agricultural workers.

Identify three potential product enhancements (total) that could facilitate the provision of liquidity to Native Americans and agricultural workers to be submitted to Fannie Mae's internal product enhancement and development approval process for consideration during 2019.

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?

In 2019, we'll focus on loan product development and support for locally-based rural practitioners and stakeholders. The work plans will serve as our roadmap for implementing product enhancements and other actions that we believe will be impactful to the market and facilitate more robust investment in rural housing. Lack of well-paying jobs, dependence on limited employment opportunities, and other socioeconomic characteristics that affect high-needs



rural populations have created barriers for affordable housing development, and developing solutions in these hard-to-serve areas requires conscientious planning and partnership. Laying the groundwork this year – in terms of information, data and relationships – was necessary for Fannie Mae to create meaningful, lasting solutions.

The Rural Advisory Council is similar in that its impact will grow as our plan progresses. Establishing subcommittees and a foundation of shared knowledge allowed us to delve into deeper topics as the year progressed. We will continue engaging with our Council and subcommittees in future years, as their expertise and feedback will remain valuable as we consider rural-focused product enhancements.

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.

Fannie Mae will fully use the learnings, insights, data and information obtained through the Rural Advisory Council and subcommittees, roundtables, and other supplemental research and industry engagement to feed future actions that will impact markets.

Our outreach and research efforts helped us gain insight into Native American populations and agricultural populations and better understand how our secondary market presence can make an impact. We learned a great deal from our partners during the year. The knowledge gained from this outreach, as well as internal research, will directly inform our product development work in future years under the Plan. Additionally, the partnerships we grew during 2018 are essential to executing on our product development work, as product pilots require collaboration with strong, committed partners.

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?

Outreach events like attending industry conferences, convening our Rural Advisory Council and subcommittees, and the rural roundtable allowed Fannie Mae to build knowledge necessary for product development that will contribute to future loan purchases under the Plan. We worked to learn not only about rural regions at large, but also, about the factors unique to high-needs populations, and we will leverage our insight as we continue exploring potential product enhancements.

Research and data tools pertaining to high-needs rural regions, developed through our partnerships with HAC and Rural Innovation Strategies, Inc., also provide knowledge about the markets. We will utilize the great wealth of information provided by these tools to construct potential loan products that Fannie Mae can use to increase loan purchases in the high-needs rural regions beginning in 2020.



Fannie Mae Rural Housing Second Quarter Report: January 1 - June 30, 2018 Outreach

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OBJECTIVE:

3. Create and implement work-plans and purchase loans secured by multifamily housing for Native Americans and agricultural workers (Analyze, Do What We Do Best).

SUMMARY OF RESULTS:

We established and held the inaugural meeting of Fannie Mae's Rural Housing Advisory Council, bringing together key stakeholders across the Duty to Serve (DTS) rural submarkets, providing thought leadership and strategic direction relating to Fannie Mae's goals in rural America, and building connections among like-minded leaders.

Our team was active in industry conferences across the country, including speaking at events organized by the Midwest Association of Farmworkers Organization (MAFO) and the United Farm Workers (UFW) as well as speaking at Rural LISCs Native American Housing Summit and the American Indian Housing Symposium.

Participating in these events afforded us the opportunity to both inform stakeholders of our commitments under the DTS plan and to meet with potential partners and collaborators who will be instrumental in helping us achieve our plan objectives.

Following are the 2018 Actions under this Objective:

- In conjunction with Fannie Mae Single-Family efforts:
 - Facilitate one rural housing roundtable with cross-functional industry representation to discuss, analyze, and solve the challenges facing high-needs rural populations.
 - Establish a Fannie Mae Rural Housing Advisory Council with subcommittees representing each of these high-needs rural populations to gain a deeper understanding of the market challenges affecting these high-needs rural populations and discuss how these challenges can be met.
 - Conduct one annual meeting of the Advisory Council to solicit guidance and information as Fannie Mae implements the activities outlined in the Plan.
 - Participate in two key conferences as a means to network with key industry stakeholders and to communicate the "Duty to Serve" message.
- Based on research and outreach results, create one multifamily Native American work-plan and one agricultural workers work-plan that will address key multifamily affordable housing issues, including, respectively, (1) identification of Native American and agricultural worker communities; (2) identification of the three top multifamily housing issues that need to be addressed in these communities; (3) two potential roles for Fannie Mae Multifamily in serving each of these communities; and (4) two key actions (e.g., reviewing Fannie Mae's current products to determine what potential changes could be made to increase liquidity to these populations, or survey lenders to document barriers to lending to these populations) that would enhance Fannie Mae's ability to serve the multifamily market for both populations.
- As part of the outreach and product development work occurring in connection with purchasing rural loans from small financial institutions, determine if any of the small financial institutions have a focus on Native American or



agricultural worker housing that can be leveraged to increase liquidity to Native Americans and agricultural workers.

- Identify three potential product enhancements (total) that could facilitate the provision of liquidity to Native Americans and agricultural workers to be submitted to Fannie Mae's internal product enhancement and development approval process for consideration during 2019.

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):