



Fannie Mae 2019
Affordable Housing Preservation
Loan Purchase

ACTIVITY:

A. Statutory Activity: Section 8. The project-based and tenant-based rental assistance housing programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f.

OBJECTIVE:

1. Purchase loans secured by properties served by the Section 8 program (Do What We Do Best).

SUMMARY OF RESULTS:

Following are the 2019 Actions under this Objective per the December 20, 2019 Duty to Serve Plan:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input type="checkbox"/> Purchase 158 loans secured by Section 8 properties an increase of approximately 25 percent over Fannie Mae's Baseline of 126 loans.	Fannie Mae purchased 129 loans secured by Section 8 properties in 2019, an increase in 2.4 percent over Fannie Mae's baseline.	N/A
<input checked="" type="checkbox"/> Confirm loan purchase goals for 2020.	Loan purchase goal for 2020 confirmed.	N/A

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)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

Fannie Mae acquired 129 Section 8 loans. For this reason we request partial credit for this objective.

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact



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- 20 – Between Minimal and Meaningful Impact
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

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

Fannie Mae is a leader in the Section 8 financing market, and we saw this reinforced by our customers. Fannie Mae has improved its ability to finance properties with Section 8 contracts and underwrite them quickly and nimbly, due in part to ongoing relationships with staff at the U.S. Department of Housing and Urban Development. We have also worked to creatively execute Section 8 properties that are paired with other affordable housing programs, such as the Low- Income Housing Tax Credit program, Fannie Mae’s Healthy Housing Rewards™ programs, the Rental Assistance Demonstration program for Public Housing Authorities, and the Section 202 program.

One example where we combined our Section 8 financing with vital Healthy Housing products is in the Minnesota-based properties of Galway Place and Community Plaza. Combined, the project-based Section 8 properties were able to use loan proceeds from Fannie Mae’s M.TEB and Healthy Housing Rewards executions to fund onsite social services coordinators, set aside units for formerly homeless residents, and provide resident services for all 76 individuals and families.

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

Properties with Section 8 contracts are complicated, unique, and contain multiple financing and subsidy sources. Each of these sources of funds comes with its own set of regulations and agreements, both related to the financing itself, and the ongoing affordability and condition of the property. All agreements must be reviewed, aligned, and agreed to by all parties.

For this reason, Fannie Mae has worked to add significant resources to its multifamily affordable financing business as a whole and to increase efficiencies and reduce processing time. In January 2020, Fannie Mae took the lessons learned about the complexity and length of transaction time for Section 8 and other affordable properties and underwent an organizational overhaul that will ensure even the most complicated Section 8 transactions are completed quickly and with a high degree of expertise.

3. (Optional): If applicable, why were all components of this objective not completed?

Although Fannie Mae won a higher percentage of Section 8 transactions than our overall multifamily affordable portfolio, there simply weren’t enough loans coming to us. A major reason for the lack of transactions was the prolonged government shutdown during the first quarter of the year. While government agencies, such as HUD, were shut down, there was alarm and confusion about the funding of Section 8 HAP contracts, and delays in necessary HUD approvals. During the first quarter of 2019, Fannie Mae acquired just 15 Section 8 loans, compared to 41 in the same period the year before, despite an increase in our level of effort to acquire loans during that time.



**Fannie Mae
Affordable Housing Preservation
First Quarter Report: January 1 - March 31, 2019
Loan Purchase**

ACTIVITY:

A. Statutory Activity: Section 8. The project-based and tenant-based rental assistance housing programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f.

OBJECTIVE:

1. Purchase loans secured by properties served by the Section 8 program (Do What We Do Best).

SUMMARY OF RESULTS:

During Q1, Fannie Mae purchased 15 loans secured by properties served by the Section 8 program, representing a UPB of over \$144 Million. One such Section 8 property is the \$30 Million refinance of a project-based Section 8 senior property in Ellisville, Missouri. This property underwent a complete rehabilitation, including updates to dining halls, exercise rooms, and other common areas. Fannie Mae continues to promote Duty to Serve activities at lender and borrower events, including at the “Multifamily Live” conference tailored specifically to Affordable Housing DUS lenders in March.

Following are the 2019 Actions under this Objective:

- Purchase 158 loans secured by Section 8 properties an increase of approximately 25 percent over Fannie Mae’s Baseline of 126 loans.
- Confirm loan purchase goals 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):



Fannie Mae Affordable Housing Preservation Second Quarter Report: January 1 - June 30, 2019 Loan Purchase

ACTIVITY:

A. Statutory Activity: Section 8. The project-based and tenant-based rental assistance housing programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f.

OBJECTIVE:

1. Purchase loans secured by properties served by the Section 8 program (Do What We Do Best).

SUMMARY OF RESULTS:

Although we saw a steep drop off in loan applications for Section 8 properties at the beginning of the year (we believe due in part to the Government Shutdown during the first quarter), our data shows that by early July we had made up ground and have acquired loans representing one-third of our Section 8 target.

Also, Fannie Mae met with a core group of affordable housing lenders as part of a DUS Market Advisory Subcommittee meeting, where Fannie Mae highlighted our Duty to Serve efforts and success stories, principally focused on properties with Section 8 or LIHTC units. Fannie Mae encouraged lenders to seek out these transactions and highlighted products or features of products such as our MBS for Tax-Exempt Bond products and the possibility of lengthier amortization periods for the right borrower/property. We furthered that outreach by ensuring that all internal Fannie Mae customer engagement staff have a strong working knowledge of our Section 8 Duty to Serve objectives, and can highlight those objectives in regular interactions with Fannie Mae affordable lenders. Additionally, we continue to closely monitor Section 8 loans and ensure that we can acquire as many of these loans as possible.

Following are the 2019 Actions under this Objective:

- Purchase 158 loans secured by Section 8 properties an increase of approximately 25 percent over Fannie Mae's Baseline of 126 loans.
- Confirm loan purchase goals 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):



Fannie Mae Affordable Housing Preservation Third Quarter Report: January 1 - September 30, 2019 Loan Purchase

ACTIVITY:

A. Statutory Activity: Section 8. The project-based and tenant-based rental assistance housing programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f.

OBJECTIVE:

1. Purchase loans secured by properties served by the Section 8 program (Do What We Do Best).

SUMMARY OF RESULTS:

Despite a robust outreach and education campaign, we remain behind our Section 8 loan acquisition target. An analysis of our loan pipeline shows that we are winning a higher percentage of Section 8 deals than the average Multifamily Affordable Housing transaction, but we are simply not seeing enough applications to mitigate the impact of not seeing any applications in the first quarter as a result of the Government Shutdown. We continue outreach efforts and our Q4 pipeline is very strong, but Fannie Mae is likely to seek partial credit for this objective.

Following are the 2019 Actions under this Objective:

- Purchase 158 loans secured by Section 8 properties an increase of approximately 25 percent over Fannie Mae's Baseline of 126 loans.
- Confirm loan purchase goals 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):