



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

ACTIVITY:

I. Regulatory Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

OBJECTIVE:

1. Increase the purchase of mortgage loans that finance shared equity programs (Do What We Do Best).

SUMMARY OF RESULTS:

We have purchased 27 loans that we expect will meet Duty to Serve (DTS) criteria for shared equity, placing us at risk of reaching our loan purchase goal of 350 loans this year.

Several lenders working with us to identify and report required DTS criteria have yet to report all Q1 data and we expect our Q1 loan count to increase. We will continue to advance affordable housing preservation by building on our 2018 successes of expanding relationships, simplifying and streamlining policy, and increasing standardization.

Following are the 2019 Actions under this Objective:

- Purchase between 350 and 400 shared equity loans, representing a 137 to 171 percent increase over the proxy Baseline. These loan purchases may include new program types which Fannie Mae was not able to identify in its proxy Baseline.

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:

I. Regulatory Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

OBJECTIVE:

1. Increase the purchase of mortgage loans that finance shared equity programs (Do What We Do Best).

SUMMARY OF RESULTS:

Fannie Mae has experienced a reduction of approximately 25% in shared equity loan deliveries through the first two quarters of 2019 compared to the first two quarters of 2018. Through June, we have purchased 81 shared equity loans that may be eligible to be counted toward an annual loan purchase goal of 350 loans. In addition to the introduction of competing executions for this limited market opportunity, tracking of shared equity loans continues to be a challenge. To ensure that all shared equity loans meeting DTS eligibility requirements are properly accounted for, we will engage a third party in Q3 to review all loans purchased that may meet DTS requirements, but that may have not been properly reported by originating lenders. In addition, we are seeking opportunities to create or strengthen relationships with lenders and shared equity programs to find new avenues to provide liquidity to this market. While we are disappointed in the volume of loan purchases to date this year, we believe that our efforts in the second half of the year will facilitate stronger loan purchase results while providing learnings that can contribute to our continued efforts to impact this market.

Following are the 2019 Actions under this Objective:

- Purchase between 350 and 400 shared equity loans, representing a 137 to 171 percent increase over the proxy Baseline. These loan purchases may include new program types which Fannie Mae was not able to identify in its proxy Baseline.

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:

I. Regulatory Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

OBJECTIVE:

1. Increase the purchase of mortgage loans that finance shared equity programs (Do What We Do Best).

SUMMARY OF RESULTS:

Through the third quarter of 2019, we have purchased 123 shared equity loans toward an annual loan purchase goal of 350 loans. The primary cause of the lower than expected loan purchase volume continues to be increased competition in what remains a small market. As we gain greater understanding of the competitive pressures in the space, we have learned that we are competing not only with alternative secondary market executions, but also with bank portfolio retention of shared equity loans.

Although loan purchase volume remains lower than anticipated, Fannie Mae has taken a proactive approach to identifying shared equity loan purchases and determining DTS eligibility for purchased loans. We have executed an outreach program to shared equity programs nationwide, inquiring about program design and requirements to determine if a particular shared equity program accords with DTS mandates. This proactive approach to program validation supplements lender reporting of shared equity loan deliveries via Special Feature Codes and other mechanisms, and allows us to expand our list of known DTS-eligible shared equity programs, which can inform ongoing outreach efforts.

While our loan purchases remain lower than we would like, we are pleased that the efforts we have made to identify obstacles and opportunities in DTS-eligible shared equity loan deliveries are yielding important learnings that are helping to refine our approach to this market. We are optimistic that the activities we will undertake in the remainder of 2019 and into 2020 will drive the standardization and process improvement that will be essential to expanding Fannie Mae's reach and impact in the shared equity market.

Following are the 2019 Actions under this Objective:

- Purchase between 350 and 400 shared equity loans, representing a 137 to 171 percent increase over the proxy Baseline. These loan purchases may include new program types which Fannie Mae was not able to identify in its proxy Baseline.

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):