



Fannie Mae 2019  
Affordable Housing Preservation  
Loan Purchase

**ACTIVITY:**

F. Regulatory Activity: Financing of small multifamily rental properties (12 C.F.R. § 1282.34 (d) (1)).

**OBJECTIVE:**

1. Adopt an effective approach to purchase small multifamily loans from financial entities with \$10 billion or less in assets and purchase loans (Test and Learn, Partner and Innovate, 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 309 small multifamily loans from Institutions ?\$10B, representing approximately a three percent increase over the Baseline.	N/A	N/A
<input type="checkbox"/> Confirm pilot loan purchase goals for 2020.	N/A	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:**

N/A

**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?**

N/A

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

N/A

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

FHFA has determined that this Objective was infeasible for 2019.



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

### **ACTIVITY:**

F. Regulatory Activity: Financing of small multifamily rental properties (12 C.F.R. § 1282.34 (d) (1)).

### **OBJECTIVE:**

1. Adopt an effective approach to purchase small multifamily loans from financial entities with \$10 billion or less in assets and purchase loans (Test and Learn, Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

Fannie Mae acquired an estimated 152 loans secured by small multifamily properties, from our lender partners that are small financial institutions with less than \$10 billion in net assets, representing approximately 4,738 total rental units. 17 of the properties financed are in rural areas, including two in the Lower Mississippi Delta. We estimate that 10 of these properties meet residential economic diversity under high opportunity, as defined in the Duty to Serve Rule.

The first quarter of 2019 saw increased acquisitions of small multifamily properties. This is a direct result of the small loan pricing structures Fannie Mae approved in 2018, allowing lenders to obtain more favorable pricing terms on Small Mortgage Loans, and for First Lien Mortgage Loans secured by a Property with 5-50 units. The purpose of these changes was to provide additional liquidity to the Small Loan marketplace, and to improve the ease of execution for Lenders. Increased production was also caused by Fannie Mae's revisions to the Guide definition for Small Mortgage Loan underwriting and asset management, in order to expand Lender delegation and increase availability for Small Mortgage Loans. A "Small Mortgage Loan" is any Mortgage Loan which has an original loan amount less than or equal to \$6 million.

Following are the 2019 Actions under this Objective:

- Purchase 309 small multifamily loans from Institutions \$10B, representing approximately a three percent increase over the Baseline.
- Confirm pilot 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:**

F. Regulatory Activity: Financing of small multifamily rental properties (12 C.F.R. § 1282.34 (d) (1)).

### **OBJECTIVE:**

1. Adopt an effective approach to purchase small multifamily loans from financial entities with \$10 billion or less in assets and purchase loans (Test and Learn, Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

Fannie Mae's strategy under this Objective was to purchase loans from certain eligible financial institutions that finance small multifamily properties with affordability. Fannie Mae has dedicated small loan customer engagement and credit teams who engage often with lenders in our network who originate small multifamily loans. Fannie Mae added three existing lenders to the small loan platform in 2019.

It was determined that the majority of Fannie Mae's DUS network are mortgage banks and are not eligible for this Objective. However, the DUS lender network does include several qualifying institutions with whom Fannie Mae continues to work closely to finance affordable housing in small multifamily properties.

The timing of the final eligibility determination did not provide us with the time needed to develop a viable alternative that would create meaningful impact under this Objective. Fannie Mae is requesting that FHFA disregard this Objective, under the Evaluation Guidance for infeasibility.

Following are the 2019 Actions under this Objective:

- Purchase 309 small multifamily loans from Institutions  $\leq$ \$10B, representing approximately a three percent increase over the Baseline.
- Confirm pilot 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):**