



Fannie Mae 2019  
Manufactured Housing  
Loan Purchase

**ACTIVITY:**

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

**OBJECTIVE:**

1. Increase the purchase volume of conventional manufactured housing secured by real estate each year of the Plan (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 checked="" type="checkbox"/> Purchase between 9,000 and 9,250 conventional manufactured housing loans , representing an approximate four to seven percent increase over the Baseline. This includes the loan purchases referenced in Objective #3.	We purchased 11,976 loans secured by manufactured homes (MH) titled as real property and eligible for Duty to Serve.	N/A
<input checked="" type="checkbox"/> Expand lenders outreach to an additional 25 lenders (i.e., lenders not approached in 2018) that have been identified as reasonably likely to increase loan originations and loan deliveries of this type to increase the population of lenders delivering manufactured housing loans.	We engaged with more than 25 lenders on a variety of topics related to MH real property lending.	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)



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- 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
- 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?**

Loan purchases are the most direct sign of progress in Fannie Mae’s efforts to improve its support of the underserved MH market, so exceeding the upper bound of our 2019 goal by 29.5 percent demonstrates the value of a variety of activities, including:

- Internal communication to our employees clarifying the availability of MH lending products
- Engagement with more than 25 additional lenders with potential to increase MH deliveries
- Outreach to various MH industry stakeholders (as described in detail under Objective 2)

We also observed that, compared to 2017, the year preceding the Duty to Serve initiative, there were 9.7 percent more lenders delivering DTS-eligible MH loans to us in 2019. While we do not claim any causal relationship between our outreach and education efforts in 2019 and the growth of lenders supporting MH financing, we are encouraged by these developments and will continue to do our part to support this expansion.

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

Lenders are receptive to increasing MH real property lending, which we see in the higher-than-expected loan purchase volumes in 2019 as well as in the increase in lenders delivering at least one eligible MH loan to Fannie Mae. However, interactions with lenders also raised several potential barriers to further increases in MH lending, including challenges related to:

- property appraisal, particularly on newly constructed homes;
- underwriting requirements for construction loans;
- zoning;



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- real property title conversion processes and costs;
- consumer awareness and demand.

In order to continue expanding our share of this market, we must consider the impacts of these and other barriers that lenders have encountered and put forward tools and solutions to overcome those barriers, where appropriate and possible.

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

N/A



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

**ACTIVITY:**

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

**OBJECTIVE:**

1. Increase the purchase volume of conventional manufactured housing secured by real estate each year of the Plan (Do What We Do Best).

**SUMMARY OF RESULTS:**

We have purchased 2,381 loans and are on track to meet our 2019 target of 9,000 manufactured housing real property conventional loans.

To ensure that we continue to project towards meeting our goal, we will build upon last year's successes by enhancing variances and policy changes introduced in 2018, and continue to promote product awareness via industry outreach and education.

Following are the 2019 Actions under this Objective:

- Purchase between 9,000 and 9,250 conventional manufactured housing loans , representing an approximate four to seven percent increase over the Baseline. This includes the loan purchases referenced in Objective #3.
- Expand lenders outreach to an additional 25 lenders (i.e., lenders not approached in 2018) that have been identified as reasonably likely to increase loan originations and loan deliveries of this type to increase the population of lenders delivering manufactured housing loans.

**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 Manufactured Housing First Quarter Report: January 1 - March 31, 2019 Loan Purchase**

### **ACTIVITY:**

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

### **OBJECTIVE:**

3. Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

Through the end of Q1, we do not yet have deliveries for our MH Advantage® (MHA) loan product, placing us at risk of reaching our loan purchase goal of 250 loans this year.

During the past 8 months, we have taken steps to operationalize MHA with our manufacturer, retailer, and lender partners through promotional campaigns, product and process training sessions, and other various stakeholder engagements.

Participating manufacturers have begun ordering MHA stickers and are applying them to eligible homes as they receive orders from their retailers. Over 2,000 stickers have been ordered by our participating manufacturers, with most of the orders coming in the last few months. Towards the end of Q1, a subdivision of six MHA homes was completed in Knoxville, TN. Within the last few weeks, the first three MHA homes were sited in a subdivision in Coffey Park, CA in an effort to help the area recover some of its affordable supply following recent wildfires.

Following are the 2019 Actions under this Objective:

Explore opportunities to enhance or clarify policy to support appraisals that account for the value of distinguishing construction features or property characteristics specific to the variance or policy change implemented in 2018.

Engage appraisers about Fannie Mae requirements and acquire feedback to establish best appraisal practices.

Assess appraisals for loans delivered in 2018 under the variance or product offering.

Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the product.

Purchase between 250 and 500 loans, representing an approximate three to five percent of the total manufactured housing purchases in Objective #1. These loans are included in the total manufactured housing purchases in Objective #1.

### **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 Manufactured Housing Second Quarter Report: January 1 - June 30, 2019 Loan Purchase**

### **ACTIVITY:**

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

### **OBJECTIVE:**

3. Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

As of the end of Q2, Fannie Mae has not purchased any MH Advantage loans and does not expect to meet its 2019 loan purchase objective of 250-500 loans.

Although loan purchase volumes have been significantly lower than expected, we have seen recent signs of progress that suggest the program could find success in the long-term, even if growth occurs on a timetable inconsistent with those projected in the Plan. Progress, apart from loan purchases, includes the order of more than 3,000 stickers by MH manufacturers, the stickering of at least 83 homes, and deep engagement with lenders and manufacturers. We believe this strategy is still the right one, even if it takes longer than expected.

In addition to progress made within the traditional MH distribution model, the first half of 2019 also saw the installation of 6 MH Advantage homes in a subdivision in Knoxville TN, and the top manufacturer is working on several more developments totaling 38 lots, many of which will be built to the MH Advantage standard.

Furthermore, Fannie Mae displayed its commitment to MH Advantage with the launch of a consumer marketing campaign in June and has done significant research in preparation for a planned Q3 retailer marketing campaign as well.

Regarding appraiser education, as noted under MH Real Property Objective #2, we released an online training that included a focus on the unique requirements for appraising an MH Advantage home. We also fulfilled a lender request to produce and distribute an appraisal checklist which documents lender and appraiser requirements for MH Advantage program, thereby providing transparency and encouraging easy adoption of the program by lenders.

Note that at the time of writing the Duty to Serve Plan and leading up to the launch of MH Advantage in June 2018, our expectation, based on significant industry engagement, was that the industry was prepared to build, sell, finance, and promote these homes and that continued Fannie Mae investment after launch would be limited. Clearly this has not been the case in practice; therefore, Fannie Mae anticipates submitting a Plan modification proposal related to this objective to more closely align with the reality in the industry.

Nonetheless, we feel that the first half of 2019 has been successful for this product and that it has demonstrated growth potential in the coming years.

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Assess appraisals for loans delivered in 2018 under the variance or product offering.

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Purchase between 250 and 500 loans, representing an approximate three to five percent of the total manufactured housing purchases in Objective #1. These loans are included in the total manufactured housing purchases in Objective #1.

**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 Manufactured Housing Third Quarter Report: January 1 - September 30, 2019 Loan Purchase**

### **ACTIVITY:**

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

### **OBJECTIVE:**

3. Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).

### **SUMMARY OF RESULTS:**

As of the end of Q3, Fannie Mae has purchased 3 MH Advantage loans and does not expect to meet its 2019 loan purchase objective of 250-500 loans. While these loans came in over 100% AMI, the fact that the homes were sold through both the traditional MH distribution model and the subdivision model indicate that the product is gaining traction with both traditional industry players and those who can bring the product to a broader range of consumers.

Loan purchase volumes remain below the benchmarks projected in the Plan, but there continue to be positive signs of market adoption. Participating manufacturers now have over 3,500 stickers on hand and have stickered at least 180 homes. Manufacturers and developers continue to work together to identify optimal areas of the country for scattered lot and subdivision development. The top three manufacturers are in various stages of planning for several subdivisions throughout the Pacific Northwest, the Midwest, and several Southeastern states, and intend to build to the MH Advantage standard for many of the units.

The MH Advantage consumer education campaign that was launched in late Q2 has far exceeded industry benchmarks and outperformed other Fannie Mae loan product marketing efforts. We also worked with participating manufacturers to identify a list over 200 retailers who would be well-positioned to support this product, and disseminated targeted product information to those groups with an email campaign in Q3.

We continue to educate appraisers, as noted under MH Real Property Objective #2, with an online training that was released in Q2. That training has logged over 5,000 views through Q3 end. We also fulfilled a lender request and completed the internal approval process to allow a construction-to-permanent financing option for manufactured homes, and made the Selling Guide update in August to reflect this change.

Fannie Mae submitted a plan modification in Q3 detailing our efforts to promote MH Advantage year to date and proposing meaningful benchmarks for 2019 and 2020 that we believe allow us to build on the successes we've had this year and continue to foster the growth of this product in years to come.

Additionally, Freddie Mac's introduction of a competing version of our product, called CHOICEHome, has created more complexity in rolling out our changes. The CHOICEHome program is similar, but different in ways that manufacturers need to adapt. The industry is now trying to redefine the "class" of these homes to simplify rollout to the rest of the industry. This set back likely caused months of delay in our progress.

Following are the 2019 Actions under this Objective:

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Assess appraisals for loans delivered in 2018 under the variance or product offering.

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**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):**