



Fannie Mae 2019
Rural Housing
Outreach

ACTIVITY:

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

OBJECTIVE:

1. Rebrand and market Fannie Mae's Native American Conventional Lending Initiative (NACLI) (Analyze, Partner and Innovate).

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"/> Expand lender outreach to an additional two lenders geographically located near Native American land (i.e., lenders not approached in 2018).	We expanded outreach to four lenders not approached in 2018 to increase awareness of our product offerings.	N/A
<input checked="" type="checkbox"/> Explore opportunities to bring a culturally specific homebuyer or financial literacy curriculum to an online platform.	We commissioned the Native American Indian Housing Council to convert "The Pathways" curriculum to an online learning management system platform.	N/A
<input checked="" type="checkbox"/> Provide technical assistance or identify other opportunities for lenders, Native CDFI or tribe to enhance homeownership opportunities or access affordable capital and liquidity on tribal trust lands.	<p>We provided technical assistance to tribes through a new National Tribal Cohort.</p> <ul style="list-style-type: none"> • We delivered technical assistance to a Native American CDFI intermediary and 12 of its network members who are seeking to create a HUD- approved housing counseling network to serve Native buyers. • We provided technical assistance to New Mexico pueblos scoping the 	N/A



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	<p>development of a tribally owned leasing and realty office.</p> <ul style="list-style-type: none"> • We facilitated a kick-off visioning session and provided follow-up technical assistance to the New Mexico Tribal Homeownership Coalition, creating homeownership opportunities for New Mexico pueblos. 	
<input checked="" type="checkbox"/> Explore the opportunity of a Native CDFI becoming a Fannie Mae seller.	<p>We continued to offer technical assistance to enable two CDFIs - Native Partnership for Housing and Native Community Capital – to better serve Native borrowers.</p> <ul style="list-style-type: none"> • We assessed the operational capacity of three other Native CDFIs for potential Seller/Service viability. 	N/A
<input checked="" type="checkbox"/> Support post-purchase housing counseling for Native borrowers.	<p>We collaborated with Neighborworks America and the Native American Indian Housing Council to develop a Post Purchase Housing Counseling Education Curriculum.</p>	N/A
<input checked="" type="checkbox"/> Interview at least 10 lenders and/or tribal stakeholders about the challenges and opportunities associated with mortgage lending on tribal trust land and document findings.	<p>We conducted eleven phone interviews with three lenders, one attorney, one Native CDFI, two tribal representatives, three intermediaries and a representative from the Department of Housing and Urban Development through our partnership with Seven Sisters Community Development Group to inform a memo evaluating the strengths and weaknesses of our</p>	N/A



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	<p>Native American Conventional Lending Initiative.</p> <ul style="list-style-type: none"> • We scheduled four research discussions with expert lenders to better understand the HUD-184 mortgage product (discussions completed in January 2020). 	
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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
- 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?

In 2019, we tackled three of the primary barriers to homeownership on tribal trust land: a lack of lenders doing mortgage business on tribal trust land; a shortage of mortgage-ready buyers even as incomes increase; and a challenging leasing and titling process that makes mortgage lending difficult. To address these barriers, we reached out to new lenders and provided technical assistance to high-performing Native CDFIs, supported high-quality housing counseling for Native borrowers and scoped the development of a tribally owned realty and leasing office to reduce the time it takes to originate a mortgage on tribal trust land. These efforts should support increased loan purchases in future years.



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Technical Assistance for Native CDFIs

With technical assistance from a consultant procured by Fannie Mae, two CDFIs continued to enhance their operational efficiencies and develop selling and servicing policies and procedures. This technical assistance will help the CDFIs prepare for their application for Fannie Mae Seller/Servicer approval. If approved, these CDFIs will be able to provide affordable mortgage options to Native American homebuyers.

First Nations Oweesta

Housing counseling is an important tool to help borrowers prepare for homeownership and to navigate the specific administrative complexities associated with buying a home on tribal trust land. Currently, Native CDFIs do not have access to the millions of dollars in grants (\$47 M in 2018) or housing counseling training provided by HUD to HUD-certified organizations. To address these issues, we entered into a contract with First Nations Oweesta to facilitate the organizational development needed to become a HUD-approved housing counseling intermediary and prepare their 12 Native CDFI members to become HUD-approved counseling agencies. Once it achieves HUD-approved intermediary status, First Nations Oweesta can ensure its members have the resources they need to deliver high-quality housing counseling services and develop a pipeline of mortgage-ready borrowers. They will also have access to previously mentioned HUD grants.

The potential future impact of this effort is even greater as Oweesta engages with the 74 Treasury-certified Native CDFIs, as well as an additional 30 start-up Native CDFIs. These CDFIs are grassroots lending institutions, most often community-based loan funds, designed to serve as a bridge that connects disadvantaged communities to the financial mainstream.

Native Homeownership Learning Communities Cohort

The Native Homeownership Learning Communities Cohort, comprised of ten tribal housing organizations and one Native CDFI, has been established to implement and enhance homeownership programs within tribal communities. The cohort is working to strengthen their housing programs and address their unique needs and challenges. Through monthly meetings over a 14-month period, the cohort will gain the experience necessary to achieve success. We supported this work through a contract with Enterprise Community Partners to develop a learning curriculum for the cohort and to host a 3-day kickoff training session this fall.

During the cohort's initial launch, discussions revealed an improved understanding of our value and how tribes and Native CDFIs can access the secondary market capital for mortgage financing. The cohort enhanced collaboration between participants, resulting in five organizations working to foster homeownership on the Pine Ridge Reservation in South Dakota.

Despite their common goals, these organizations often work in silos and miss opportunities for impact. Through this collaboration, however, we saw meaningful success in areas such as implementation of mortgage and foreclosure prevention ordinances and tribal adoption and implementation of the HEARTH Act. The cohort's efforts have fostered new strategic thinking and an ability to see the big picture.

Tribal Realty and Leasing Offices



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We engaged a technical expert to support a working group of pueblos across New Mexico in its efforts to stand up a tribally-owned realty and leasing office. The pueblos in the working group include the Ohkay Owingeh, Pueblo of San Felipe, Pueblo de Cochiti, Pueblo of Acoma and the Pueblo of Isleta.

Tribally operated realty and leasing offices can reduce acquisition time for a residential ground lease by bringing the administration of land, title, and leasing processes into a local tribal office and decreasing reliance on the Bureau of Indian Affairs. Few tribes have created their own realty and leasing offices, likely due to the significant resources required. However, one such office was established in 2016, Ho-Chunk Nation Realty Division, located in Black River Falls, Wisconsin. As a result of efficiencies made possible through this office, the lease acquisition time was dramatically reduced from 18 months to four to six weeks.

The participants in this working group are building the foundation to expand homeownership and deliver loans to us. These pueblos have plans to address core barriers to Native homeownership, including housing supply and lack of infrastructure. Moreover, these pueblos have Fannie Mae approved mortgage ordinances in place, meaning they may soon be eligible for conventional mortgage products. A realty and leasing office is a key ingredient for future impact as it could facilitate an easier homebuying process for tribal members and lenders.

The realty and leasing office model under exploration by the working group would distribute administration costs across multiple tribes, making it more feasible and sustainable for tribes to establish their own operations. If successful, this approach could offer a roadmap to tribes throughout the country.

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

Experienced Native CDFIs provide much-needed credit building services and mortgage products to Native borrowers. These Native CDFIs are well positioned to serve Indian Country, as they have steady pipelines of mortgage-ready borrowers and the community presence necessary for long-term relationships, both of which are needed to ensure successful homeownership. However, they are constrained by their inability to affordably access sufficient capital needed to meet consumer demand.

With expanded capacity and access to the secondary market, Native CDFIs may be able to offer additional mortgage financing to borrowers on tribal trust land. However, Native CDFIs experience even more hurdles to accessing the secondary market than their rural counterparts due to the complex structure of land status and the delicate balance between tribal law and standard mortgage regulations not applicable to tribes. We will continue to provide technical assistance to the Native CDFIs described above.

Engagement with lenders confirmed that the federal guarantee offered by the Section 184 program is a very important feature, making these loans of little to no risk to the lender. The credit parameters are also broader for the Section 184 program. However, it can create challenges to the tribe and the homebuyer after delinquency, and especially during foreclosure proceedings. Through our engagement, we've learned that our efforts around loss mitigation and alternatives to foreclosure are appealing to the tribes. We will continue to foster partnerships with tribes to better understand their role in the default and foreclosure process.

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

N/A



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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 advance strategies that support development of affordable multifamily housing for Native Americans and agricultural workers (Analyze, 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"/> Based on the work completed in 2018:		
<input checked="" type="checkbox"/> Partner with a non-profit organization with deep experience and expertise with developing affordable rental housing for agricultural workers to deliver a robust technical assistance program to affordable developers who focus on agricultural worker housing. The assistance will provide training and consultation on the comprehensive process for multifamily financing and development, including the use of the USDA 514/516 Farmworker Housing Programs and Low-Income Housing Tax Credits.	Fannie Mae partnered with a leading technical assistance provider to deliver technical assistance to organizations developing multifamily housing for agricultural workers in 2019, and we have plans to continue a long-term partnership.	N/A
<input checked="" type="checkbox"/> Partner with two non-profit organizations with deep experience and expertise with developing affordable rental housing for Native	Fannie Mae partnered with a leading technical assistance provider to develop a program and curriculum for delivery of technical assistance to organizations	N/A



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<p>American communities to deliver a robust technical assistance program to tribes, tribal housing departments, and Tribally Designated Housing Entities. The assistance will provide training and consultation on the comprehensive process for multifamily financing and development, including the use of the HUD funding programs and Low- Income Housing Tax Credits.</p>	<p>developing multifamily housing for Native American communities starting in 2020, and we have plans to continue a long-term partnership.</p>	
<p><input checked="" type="checkbox"/> Implement the two identified key actions from the work-plan that will enhance Fannie Mae's role and ability to serve the affordable housing needs of both Native Americans and agricultural workers.</p>	<p>Fannie Mae implemented the two identified key actions from the work plan by working with partners to deliver technical assistance and by investing in tax credit projects in the high-needs rural populations.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Revise and document updated work-plans including considering proposing additional product enhancements or key actions and confirming loan purchase Baselines and goals for 2020.</p>	<p>Fannie Mae updated our work plan to reflect our strategy to drive impact in the high-needs rural populations.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Facilitate one rural housing roundtable with cross-functional industry representation to continue to discuss, analyze, and solve the challenges facing high-needs rural populations.</p>	<p>Fannie Mae participated in a rural roundtable with the Persistent Poverty Working Group in September 2019. We collaborated with partners to identify challenges, listen, and work together to develop solutions.</p>	<p>N/A</p>



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<input checked="" type="checkbox"/> Conduct one annual meeting of the Advisory Council to continue to solicit guidance and information as Fannie Mae implements the activities outlined in the Plan.	Fannie Mae met with the Rural Housing Advisory Council in June 2019 and October 2019. We collaborated with partners to identify challenges, listen, and work together to develop solutions.	N/A
<input checked="" type="checkbox"/> Participate in two key conferences as a means to continue to network with key industry stakeholders and to communicate the "Duty to Serve" message.	Fannie Mae attended the 2019 MAFO National Farmworker Conference and the 2019 AMERIND NAIHC Annual Convention & Tradeshow to share the DTS message.	N/A

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PARTIAL CREDIT JUSTIFICATION:

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IMPACT:

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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?



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In 2019, Fannie Mae embarked on a multi-year partnership with Community Resources and Housing Development Corporation (CRHDC), a nonprofit with deep expertise in development and preservation of multifamily housing serving agricultural workers and with many years of experience delivering technical assistance to developers. We partnered with CRHDC to provide technical assistance around financing and development of multifamily projects serving farmworkers in the western United States, working closely with nonprofit developers. The projects will utilize USDA 514 loan funds and tax credits and will create over 100 units of affordable housing for farmworker households. We expect this technical assistance program to grow in volume in subsequent years and become a reliable source for development support.

In 2019, we also kicked off a multi-year partnership with Enterprise Community Partners, a nonprofit with deep expertise in development and preservation of multifamily housing serving Native American communities and with many years of experience delivering technical assistance to entities that develop tribal housing. We partnered with Enterprise to develop a capacity-building workshop focused on tribal housing as well as technical assistance for specific tribal multifamily developments and/or tax credit projects. The workshop will be administered to tribal housing entities during 2020. This work will lead to the development of hundreds of affordable units serving Native American community members, likely relying on U.S. Department of Housing and Urban Development funding.

This strategy's impact is comparable to that of financing, because without technical assistance, many of these properties are not even able to apply for tax credits and Federal funding. In addition, these models have a proven track record of success in developing affordable units that could be replicated elsewhere in the country.

During 2019, our substantial Low-Income Housing Tax Credit (LIHTC) equity investments in rural included two projects that serve agricultural workers and one project that serves a Native American community. LIHTC is the most impactful funding source for multifamily housing in the high-needs rural populations and are very difficult to secure. In general, LIHTC equity deals in the high-needs rural regions and the high-needs rural populations can often be quite complicated, with the deals and related counterparties requiring extra time to evaluate. This is true especially for deals with tribal housing entities.

Partnering to deliver technical assistance programs and using equity investments to support housing development are the core components to our high-needs rural populations work plan. These are the most impactful actions that Fannie Mae could take within the confines of safety and soundness and our Charter. They are also extremely challenging markets to work in and require a great deal of resources to understand the market and its needs. Therefore, these actions demonstrate substantial impact in this market, both directly and as a foundation for the future.

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

In 2019, Fannie Mae met with industry stakeholders with expertise and deep experience in multifamily development for Native American communities and agricultural workers, including members of the Rural Advisory Council and their staff, as well as Native American and agricultural worker housing advocates, developers, and several tribal housing entities. We also reviewed research conducted by the Housing Assistance Council and Enterprise Community Partners. Our outreach revealed that, in addition to the lack of financing available for the development of rental housing for agricultural workers and Native American communities, the



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cumbersome and complex process for developing such housing, coupled with the organizational capacity of affordable developers and mission-oriented entities to execute the process, creates a substantial need in the market for capacity-building and technical assistance provided to these organizations. The actions under this Objective address a significant hurdle in the market. Additionally, our outreach taught us that most multifamily rental properties serving high-needs rural populations are more in need of equity financing than debt financing. The large majority of multifamily properties serving these two populations are not able to support conventional debt of any kind. Fannie Mae is focused on addressing the market's needs through LIHTC equity investments and technical assistance programs.

Multifamily housing in Native American communities in rural areas are extremely rare due to a strong desire for homeownership and higher population dispersion. However, we will continue to focus on projects that are developed using LIHTC, whether or not they are multifamily properties.

Technical assistance for multifamily housing development and preservation is unique to the project and the organization served. It's important to capture goals, progress, successes, and best practices. Entities developing housing have various levels of technical sophistication.

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

N/A