

**2022  
Manufactured Housing  
Loan Product**

**REGULATORY ACTIVITY:**

A. Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

**OBJECTIVE:**

4. Respond to industry feedback by broadening eligibility guidelines (or criteria) for single-width MHRP loans.

**INFEASIBILITY REQUEST:**

Check here if the Enterprise is submitting an infeasibility request for the objective.

**SUMMARY OF RESULTS:**

Objective's components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
<input checked="" type="checkbox"/> Develop an additional loan product enhancement that broadens eligibility guidelines for single-width MHRP loans.	The implementation steps that follow, collectively, constitute completion of this target.	N/A
<input checked="" type="checkbox"/> Based on feedback from lender and non-lender stakeholders, develop a business case for expanding conventional eligibility for single-width MHRP loans.	Fannie Mae surveyed its top manufactured homes/housing (MH) lenders to better understand their approach to managing risk associated with its single-width manufactured housing (SW MH) product.	N/A
<input checked="" type="checkbox"/> Leveraging this business case, engage internal stakeholders to solicit approvals for Loan Product enhancement.	Fannie Mae quickly and efficiently managed its internal risk procedures to finalize our Selling Guide product enhancement by the end of 2022.	N/A
<input checked="" type="checkbox"/> Publishing enhancement in the <i>Selling Guide</i> by end of Q4 2022.	Fannie Mae's December 2022 Selling Guide update removed the 10-year age restriction for eligible SW MH loans.	N/A



## SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Target partially completed
- No milestones achieved

## IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 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 December 2022, Fannie Mae published an update to its MH eligibility criteria to allow for delivery of all mortgage loans secured by single-width manufactured housing (SW MH)—regardless of the age of the MH unit and in alignment with the U.S. Department of Housing and Urban Development (HUD) code. This represents an enormous enhancement to low- and moderate-income consumers' purchasing power in these homes and is the culmination of several years of internal discussions regarding appropriate collateral risk mitigants for MH. Fannie Mae had previously updated its Selling Guide in 2020 to allow for delivery of SW MH aged less than 10 years from the effective date of the appraisal and began taking loan deliveries in February 2021. In late 2021, Fannie Mae created a variance offering for select lenders with dedicated product experience who would deliver older single-width loans—thereby providing us with quantitative data on borrower profiles and performance, and qualitative information regarding product rollout and borrower receptiveness of the product. Lender feedback regarding the product overwhelmingly suggested that the 10-year age restriction was an unnecessary overlay on the product that encouraged alternative financing. Our internal assessment of the initial profile and performance data reinforced this feedback.

Loan purchases for SW MH have been largely accretive to our Duty to Serve (DTS) loan purchase targets since we operationalized the initial Guide product in February 2021. Removing the age restriction on the product should allow us to better serve this segment of the market moving into future years. Of the 792 loans delivered from February 2021 to December 2022, 76% have been to borrowers meeting the statutory income requirements for DTS. Additionally, 26% of loans were made to borrowers making 50% or less of the area median income, while 62% were made to borrowers making 80% or less of the area median income.

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

Ensuring a liquid secondary market for mortgage loans secured by SW MH has been a challenge for many years. The combination of poor performance of chattel loans in the early 2000s and archaic market perceptions of MH being of inferior quality generated skepticism among lenders, appraisers, borrowers, and other key market stakeholders. In 2021, we instituted a variance offering to permit delivery of SW MH aged greater than 10 years, which allowed us to collect more data on the borrower profile and nature of the collateral. We found that the average age of SW MH for which delivery was permitted was 29.5 years—illustrating the acceptability of the property type to creditworthy consumers and the durability of the collateral if properly maintained by the homeowner. In drafting the policy change and socializing it with external stakeholders, we garnered additional support from mortgage insurance companies and other important actors in the market. Aligning our policy with that of other players in the secondary market supports a more liquid market for these loans by streamlining product adoption for lenders.



**3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?**

Not Applicable