



Fannie Mae
Manufactured Housing
2020

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).

Proposed Modification: Replace loan purchases with expanded outreach and education activity.

Justification for Proposed Modification:

The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

As a result of COVID-19, construction delays and lender capacity constraints adversely affected our ability to meet this loan purchase target. In an effort to continue our progress, and lay the foundation for future impact, we expanded our policy work, and focused on our Manufactured Housing subdivision research and outreach efforts.



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

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

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|--|
| 2020 | <ul style="list-style-type: none"> • Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the variance or product. <u>Alternatively, introduce at least one policy change or variance that strategically aligns with the product and, thus, supports its growth and long-term prospects for success.</u> • As appropriate, continue product development activities initiated in prior years. • Build upon consumer awareness created with <u>the</u> 2019 campaign by continuing to target consumers in high-volume MH markets, and extending into new markets if feasible. • <u>Develop outreach strategy aimed at educating and promoting product adoption amongst non-traditional MH stakeholders. Specifically:</u> <ul style="list-style-type: none"> ○ <u>Foster relationships between retailers ordering the eligible home product and at least 10 committed lenders, in areas known to be conducive for real property MH financing.</u> ○ <u>Provide direct support and product education to a lender with an extensive retailer network across several states, in anticipation of a broader rollout.</u> ○ <u>Conduct nationwide analysis to identify geographic areas of the country which would present viable opportunities for subdivision development leveraging eligible homes. Promote the findings of this analysis. Leveraging that analysis, engage with at least 3 land developers to explore subdivision projects with the product.</u> ○ <u>Launch an awareness and education campaign with MH appraisers focused on the product.</u> • Purchase 25 loans. These loans are included in the total manufactured housing purchases in Objective #1. <ul style="list-style-type: none"> ○ Continued product development work that builds on initiatives begin in prior years is critical for the long-term success of this product, which is worthwhile because it addresses a need in the affordable housing market. <p>Further, this is a meaningful loan purchase target and, in fact, represents a significant increase in purchase volumes as compared to 2018 and 2019. The target is derived from ambitious projections of 2020 loan purchases as reported by lenders that have expressed commitment to growing this product. It is based on both homes sold through the traditional MH retail channel as well as the real estate developer channel, each of which require distinct support strategies from Fannie Mae and its customers.</p> |



Fannie Mae
Manufactured Housing
2020

Activity: Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33 (c) (3)).

Objective 1: Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively “Non-Traditional Owners”) through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae’s experiences (Analyze, Partner and Innovate).

Proposed Modification: Eliminating outreach activity; combining loan purchase targets and reducing the number of purchases.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned.

In addition, many of our lenders have paused their work to explore new potential partnerships with non-traditional MHC borrowers. Many of them are dealing with



resource constraints as they respond to an increase in refinance and forbearance activities.



- C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33 (c) (3)).
1. **Objective #1: Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively “Non-Traditional Owners”) through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae’s experiences (Analyze, Partner and Innovate).**

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|--|
| 2020 | <ul style="list-style-type: none"> • Purchase six-three loans secured by <u>a Non-Traditionally owned MHC-owned-by(Resident-owned, government owned entities and/ or non-profits owned)</u>. • Purchase seven ROC loans through the pilot program. • Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date. • Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues. • Continue ongoing outreach activities to increase our understanding of the market to ensure work is correctly targeted to increasing liquidity and to inform the establishment of the 2021—2023 Duty to Serve Plan, including: <ul style="list-style-type: none"> ○ Meeting with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC. ○ Meeting with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners. ○ Participating in two key industry conferences. • Hosting/participating in one manufactured housing roundtable. • Publish publicly and distribute a white paper to key MHC industry stakeholders through presentations at outreach activities and other means of distribution. • Prepare the 2021—2023 Duty to Serve Plan. |



Fannie Mae
Affordable Housing Preservation
2020

Activity: Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

Objective 1: Work with the USDA and other stakeholders to adopt an approach resulting in increased preservation of Section 515 properties and purchase Section 515 loans (Partner and Innovate, Do What We Do Best).

Proposed Modification: Change the 2020 Objective Evaluation Criteria to outreach and replace the current action items with support for technical assistance provided to owners of RD properties, and mission-oriented organizations seeking to preserve the expiring affordability of units currently in the RD program and analysis of the impact of the technical assistance.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

As a result of COVID-19's impact on their portfolio and operations, USDA RD was unable to devote adequate resources to further our work on the product initiative. Instead, Fannie Mae will partner to provide capacity building resources to RD 515 owners and mission-oriented buyers, in the form of technical assistance focused on the preservation of RD properties.



C. Statutory Activity: The rural rental housing program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485.

1. Objective #1: Work with the USDA and other stakeholders to adopt an approach resulting in increased preservation of Section 515 properties and purchase Section 515 loans (Partner and Innovate, Do What We Do Best).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none"> • Purchase at least six loans secured by Section 515 properties at risk of exiting the program. • Through the feedback obtained during 2019 outreach, identify changes to the Section 515 product enhancement that will improve the product's effectiveness in the market. Obtain internal product development approval as required. • Develop loan purchase goals for the 2021—2023 Duty to Serve Plan. • Partner with non-profit organizations with deep experience and expertise with USDA RD subsidy programs to deliver robust technical assistance programs to owners of 515 properties and mission-oriented organizations focused on acquiring properties at risk of exiting the Section 515 program. <ul style="list-style-type: none"> ○ Program activities will include a convening of existing owners and nonprofits focused on preservation, with a goal to match aligned parties. ○ Perform an analysis to summarize and document the impact of 2020 technical assistance programs under this Objective and opportunities to strengthen the effectiveness and scale of the programs. |

| Criteria | 2018 | 2019 | 2020 |
|---------------------------|---|----------|--|
| Evaluation Factor: | Loan Product | Outreach | Loan Purchase <u>Outreach</u> |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

Activity: 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).

Proposed Modification: Correction to the historical Baseline and the target.

Justification for Proposed Modification: Fannie Mae's initial strategy under this Objective was to purchase loans from eligible financial institutions that finance small multifamily properties. Our initial 2019 and 2020 goals were based on an interpretation of eligible institutions in which considerable differences existed between Fannie Mae and FHFA.

In late 2019 and 2020 we assessed our lender network to identify opportunities to increase loan purchases from eligible institutions under the clarified interpretation. Fannie Mae's DUS network includes CDFIs, who we view as essential partners in the financing of small multifamily properties due to their knowledge of local markets, expertise in directing capital to underserved areas, and the critical role they play in serving communities. Therefore, we have shifted focus to prioritize eligible production through our CDFI partnerships. We're building stronger relationships with our CDFI lenders and evaluating opportunities to encourage more transactions involving small multifamily properties. In 2020, we expect our efforts to deliver a significant increase over the Baseline.



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

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).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions | | | | | | | | | | | | | | | |
|--------------------------------|---|-------------|-------------|---------------------------|-------------|---------------------------|----------|--|--|--|--|--------------------------------|----------|----------|----------|-------------|
| 2020 | <ul style="list-style-type: none"> • Purchase 321 small multifamily loans from Institutions ≤\$10B, representing a seven percent increase over the Baseline. • Plan for the 2021 – 2023 Duty to Serve Plan. • <u>Purchase six small multifamily loans from Community Development Financial Institutions (CDFIs) with ≤\$10B in assets, representing a 125 percent increase over the amended Baseline.</u> <ul style="list-style-type: none"> ○ <u>Baseline: Fannie Mae will use the three-year average acquisition data to set the Baseline at three loans.</u> <table border="1" data-bbox="365 1056 1367 1209"> <thead> <tr> <th></th> <th><u>2017</u></th> <th><u>2018</u></th> <th><u>2019</u></th> <th><u>Three-year average</u></th> </tr> </thead> <tbody> <tr> <td><u>-</u></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><u>Small multifamily loans</u></td> <td><u>2</u></td> <td><u>1</u></td> <td><u>5</u></td> <td><u>2.67</u></td> </tr> </tbody> </table> ○ <u>Evaluate our small multifamily loan production strategy, both directly and through correspondent networks, with entities eligible under this objective, to identify potential opportunities for greater scale.</u> | | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>Three-year average</u> | <u>-</u> | | | | | <u>Small multifamily loans</u> | <u>2</u> | <u>1</u> | <u>5</u> | <u>2.67</u> |
| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>Three-year average</u> | | | | | | | | | | | | |
| <u>-</u> | | | | | | | | | | | | | | | | |
| <u>Small multifamily loans</u> | <u>2</u> | <u>1</u> | <u>5</u> | <u>2.67</u> | | | | | | | | | | | | |

| Criteria | 2018 | 2019 | 2020 |
|---------------------------|---|----------|---------------|
| Evaluation Factor: | Loan Product | Outreach | Loan Purchase |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

Regulatory Activity: Finance improvements on multifamily properties: (a) which reduce energy or water consumption by tenant or property by at least 15 percent; and (b) where the savings generated over the improvement's expected life will exceed its cost (FHFA Criteria) (12 C.F.R. § 1282.34 (d)(2)).

Objective 1: Engage stakeholders and conduct research to increase awareness and understanding of energy or water efficiency improvements and financing needs (Analyze, Test and Learn).

Proposed Modification: Postpone Actions until 2021.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the outreach we had intended to complete this year would not have a significant impact if we were to proceed as planned.

While we continue to collect and analyze data related to energy and water efficiency actual savings, the pandemic has altered the nature of the data and its applicability to future years. For example, we would expect utility usage during "Stay at Home" orders to differ significantly from utility usage in a typical year. Additionally, on-site inspections



and reviews have been curtailed in many cases. For these reasons, we are proposing to postpone the data related portions of this objective until 2021.



G. Regulatory Activity: Finance improvements on multifamily properties: (a) which reduce energy or water consumption by tenant or property by at least 15 percent; and (b) where the savings generated over the improvement's expected life will exceed its cost (FHFA Criteria) (12 C.F.R. § 1282.34 (d)(2)).

1. Objective #1: Engage stakeholders and conduct research to increase awareness and understanding of energy or water efficiency improvements and financing needs (Analyze, Test and Learn).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none"> Participate in two key industry conferences and host one energy advisory council meeting with cross-functional industry representation to build upon knowledge and information gained over the previous year. Continue to participate in the outreach program developed in 2018 to increase multifamily owners'/operators' awareness of and access to energy and water efficiency savings and financing programs and to stay abreast of current industry trends. Bring together lending, housing energy audit, and green building stakeholders for discussions and to identify key lessons from last two years. Continue to test and confirm actual energy savings on loans purchased through Fannie Mae's green finance programs. Publish and distribute a white paper to key stakeholders in the industry through the web, outreach activities, industry conferences, and other potential means of distribution. Plan for the 2021 – 2023 Duty to Serve Plan. |

| Criteria | 2018 | 2019 | 2020 |
|--------------------|---|--------------|----------------------------|
| Evaluation Factor: | Outreach | Loan Product | Loan Product /a |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae Affordable Housing Preservation 2020

Regulatory Activity: Finance improvements on multifamily properties: (a) which reduce energy or water consumption by tenant or property by at least 15 percent; and (b) where the savings generated over the improvement's expected life will exceed its cost (FHFA Criteria) (12 C.F.R. § 1282.34 (d)(2)).

Objective 2: Facilitate the establishment and dissemination of energy or water efficiency improvements finance industry standards that will facilitate increased liquidity to the multifamily energy efficiency improvements finance market (Partner and Innovate).

Proposed Modification: Postpone Actions until 2021.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned. Fannie Mae's primary partner on the data standardization effort is the Mortgage Bankers Association. Given the pandemic's uncertain impact on mortgages, mortgage payments, and related topics such as evictions, we felt it was prudent to delay the deliverables for this Objective to avoid overburdening our partners.



G. Regulatory Activity: Finance improvements on multifamily properties: (a) which reduce energy or water consumption by tenant or property by at least 15 percent; and (b) where the savings generated over the improvement's expected life will exceed its cost (FHFA Criteria) (12 C.F.R. § 1282.34 (d)(2)).

2. Objective #2: Facilitate the establishment and dissemination of energy or water efficiency improvements finance industry standards that will facilitate increased liquidity to the multifamily energy efficiency improvements finance market (Partner and Innovate).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none"> ● Facilitate training across the industry on the new standard(s) by: <ul style="list-style-type: none"> ○ Advocating on behalf of the new standard(s) at one industry conference. ○ Develop a training program on the new standard(s) and training at least 10 key industry stakeholders including lenders, appraisers, rating groups, and related trade organizations. |

| Criteria | 2018 | 2019 | 2020 |
|---------------------------|---|--------------|----------------------------|
| Evaluation Factor: | Outreach | Loan Product | Loan Product /a |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

Objective 1: Increase liquidity for energy or water efficiency improvements through outreach, research, and developing solutions (Analyze, Partner and Innovate, Test and Learn).

Proposed Modification: Add an Action around energy partnership opportunities.

Justification for Proposed Modification: This builds upon work undertaken in 2018 and 2019, and reflects the execution and follow through of previously planned actionable outcomes.



H. Regulatory Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3))

1. Objective #1: Increase liquidity for energy or water efficiency improvements through outreach, research, and developing solutions (Analyze, Partner and Innovate, Test and Learn).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <p>Based on lessons learned in 2018 and 2019 and to further increase knowledge through market outreach, research, analysis, and tests:</p> <ul style="list-style-type: none"> Enhance and continue to execute the business-to-business marketing and outreach campaign by identifying new market entrants, incorporating impact and needs into outreach efforts, and updating product materials and webinars or presentations. Target engagement with an additional seven lenders and three other stakeholders (i.e., lenders and stakeholders not approached in 2018 or 2019), representing a significant commitment of time. The additional lenders and stakeholders will be selected based on evaluation of 2019 activities and responses as well as an assessment of geographical and other needs. Fannie Mae will also work with additional HFA in two more States and work with the non-profit organizations engaged in 2018 and 2019 to determine additional organizations which we should target. Ten additional relationships will be a significant commitment of time and will provide substantial learnings on how to expand engagement in following years. Continue to expand industry leadership efforts by participating in two key industry conferences and speaking at two other events for purposes of informing the industry of research findings, product enhancements, and/or market insights. Host one energy advisory council meeting with cross-functional industry representation, incorporating feedback from 2018 and 2019 and including two new participants in order to improve engagement and outcomes. Assess findings from Fannie Mae research to date and build upon the outcomes of 2018 and 2019 as well as new trends to acquire additional data and industry research, conduct one new consumer survey and/or focus group that contributes to a trend analysis, add new acquisitions to the loan analysis, and publish findings publicly related to one set of these research outcomes. Evaluate the outcomes of variance(s) executed in 2018 and 2019 and introduce one new variance with terms for one additional policy/product update, or review credit and/or collateral policy identifying opportunities to enhance policy/product parameters. If feasible, and depending on research, learnings, and analysis, publish publicly one policy update. <u>Continue to evaluate potential energy partnership opportunities from engagement in 2018 and 2019 with State energy financing agencies, utilities, or solar energy financing companies, to determine Fannie Mae's role, if any, in collaborating with related financing, subsidy, or assistance programs. Execute one or more partnerships to help reduce energy and/or water consumption of very low-, low-, and moderate-income customers.</u> |



Fannie Mae
Affordable Housing Preservation
2020

Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3)).

Objective 2: Increase liquidity for energy or water efficiency improvements that meet the FHFA Criteria by facilitating the adoption of enhanced industry standards and purchasing loans (Partner and Innovate, Do What We Do Best, Test and Learn).

Proposed Modification: Eliminate loan purchase Action.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

By early Spring, the origination of Homestyle® Energy loans halted as lenders dealt with capacity constraints due to an increase in refinance and forbearance activity.



H. Regulatory Activity: Energy or water efficiency improvements on single-family, first lien properties that meet the FHFA Criteria (12 C.F.R. § 1282.34 (d) (3))

2. Objective #2: Increase liquidity for energy or water efficiency improvements that meet the FHFA Criteria by facilitating the adoption of enhanced industry standards and purchasing loans (Partner and Innovate, Do What We Do Best, Test and Learn).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <p>Based on outcomes in 2018 and 2019 and to further accelerate and sustain industry standardization efforts and liquidity for Improvements:</p> <ul style="list-style-type: none"> Based on the 2019 evaluation of the Uniform Loan Delivery Data dataset, implement support for selected energy and water efficiency Improvements in the current version of ULDD and inform the ULDD committee as appropriate. To inform the redesign of the Uniform Appraisal Dataset and forms specified in the 2019 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions, continue to work with the Uniform Data Committee on updating the appraisal form to include identified fields for property-level information about energy and water efficiency features. Continue to lead industry meetings to evaluate the status of implementation of appraisal, MLS, and delivery data standards and identify additional changes. Assess progress and required actions to address challenges. Purchase between 200 and 250 mortgage loans that meet the FHFA Criteria. |

The ultimate opportunity available in this market is to finance increased numbers of Improvements meeting the FHFA Criteria for the target markets and having standards is a critical part of ensuring sources of capital will participate. Fannie Mae plays an active role within the industry to set standards in many areas, including collateral value, data, and property valuation. Based on this experience, coupled with the available resources, Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described in a safe and sound manner. In addition, underwriting standards and credit guidelines that are simplified and consistent with safety and soundness will continue to be applied to improve acquisition of this product.

| Criteria | 2018 | 2019 | 2020 |
|---------------------------|---|--------------|--------------|
| Evaluation Factor: | Loan Product | Loan Product | Loan Product |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

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).

Proposed Modification: Replacing publication of model deed restriction and standing up a shared equity system with the current work occurring on both projects.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Efforts to publish a model deed restriction were delayed as state and local officials, along with other various industry experts, dealt with capacity constraints as a result of COVID-19.



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

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

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|--|
| 2020 | <ul style="list-style-type: none"> • <u>Conduct initial testing and feasibility analysis for a system to determine and communicate to lenders DTS-eligibility for shared equity programs.</u> • <u>Complete first draft legal structure with supporting documents for a model deed restriction.</u> • Fannie Mae will stand up a system for determining and communicating to lenders DTS-eligibility for shared equity programs. • Publish a model deed restriction for use in Fannie Mae programs, marketing it to shared equity programs and encouraging adoption. |

The ultimate opportunity available in this market is to finance increased numbers of shared equity loans for affordable housing preservation. Fannie Mae has significant experience purchasing various loans with deed-restrictions and under inclusionary housing programs. Based on this experience, coupled with the help of industry stakeholders, we believe this Objective is achievable within the time periods described. Underwriting standards and credit guidelines that are consistent with safety and soundness will be applied to acquisition of this product.

| Criteria | 2018 | 2019 | 2020 |
|---------------------------|---|--------------|--------------|
| Evaluation Factor: | Loan Product | Loan Product | Loan Product |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

Activity: Additional Activity: Residential Economic Diversity (12 C.F.R. § 1282.35 (d)(3) and 1282.36(c)(3)).

Objective 4: Outreach and Stakeholder Engagement on the importance of Residential Economic Diversity in community-level, household and individual outcomes (Partner and Innovate).

Proposed Modification: Postpone Actions until 2021.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

The main goal of the activities in this Objective is the dissemination of information and education of partners on Residential Economic Diversity topics. We believe this education and information sharing will be most effective and impactful if it can be done in person, and with some the pressure of and uncertainties of the pandemic behind us. While we have completed the development of a RED-focused white paper in 2019, postponing the publication of the white paper will ensure that Fannie Mae has time to update the content and ensure it remains relevant given the changed affordable housing landscape.



M. Additional Activity: Residential Economic Diversity (12 C.F.R. § 1282.35 (d)(3) and 1282.36(c)(3)).

4. Objective #4: Outreach and Stakeholder Engagement on the importance of Residential Economic Diversity in community-level, household and individual outcomes (Partner and Innovate).

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none"> Finalize and publish white paper/s. Hold in-person panels or roundtable meetings with stakeholders, including State HFAs, developers/borrowers, and lenders to discuss and disseminate Fannie Mae's RED lessons learned. |

| Criteria | 2018 | 2019 | 2020 |
|--------------------|---|----------|-------------------------|
| Evaluation Factor: | n/a | Outreach | Outreach n/a |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



Fannie Mae
Affordable Housing Preservation
2020

Activity: Additional Activity: Residential Economic Diversity (12 C.F.R. § 1282.35 (d)(3) and 1282.36(c)(3)).

Objective 5: Support Affordable Housing in High Opportunity Areas and Mixed-Income Housing in areas of concentrated poverty through technical assistance and capacity building for State and Local community development organizations (Partner and Innovate).

Proposed Modification: Postpone Actions until 2021; Actions will be moved Objective #4.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Based on discussions with our partner organizations, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned. The pandemic's disparate economic and social impacts mean that many organizations working on affordable housing and economic diversity issues are both uniquely suited to address these problems, and particularly stretched from a capacity perspective.

Additionally, given the multiple crises and changing landscape with regard to housing and racial and social injustice, the strategies used to approach Residential Economic Diversity are also changing. In order to ensure the greatest impact by partners and ability to respond more nimbly, Fannie Mae is requesting more time to complete this Objective.



M. Additional Activity: Residential Economic Diversity (12 C.F.R. § 1282.35 (d)(3) and 1282.36(c)(3)).

5. Objective #5: Support Affordable Housing in High Opportunity Areas and Mixed-Income Housing in areas of concentrated poverty through technical assistance and capacity building for State and Local community development organizations (Partner and Innovate).

| Year | Actions |
|------|--|
| 2020 | <ul style="list-style-type: none"> • Continue to support RED housing development and preservation through at least two state and local partnerships, including technical assistance and contract awards to affordable housing organizations seeking to improve residential economic diversity in housing at the State and local level. • Continue to partner with organizations developing tools and resources • Publicize and disseminate the results of these partnerships. |

| Criteria | 2018 | 2019 | 2020 |
|--------------------|---|----------|-------------------------|
| Evaluation Factor: | n/a | Outreach | Outreach n/a |
| Income Levels: | Very Low-, Low-, and Moderate-Income Levels for all Years | | |



**Fannie Mae
Rural Housing
2020**

Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective 2: Increase affordable capital through industry outreach in high-needs rural regions (Analyze, Partner and Innovate).

Proposed Modification: Adding additional Action around colonias definition and identification.

Justification for Proposed Modification: This builds upon work undertaken in 2018 and 2019, and reflects the execution and follow through of previously planned actionable outcomes.



A. Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Note: Fannie Mae seeks extra credit for this Activity.

2. Objective #2: Increase affordable capital through industry outreach in high-needs rural regions (Analyze, Partner and Innovate).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none">Analyze, assess, document, and publish results on success metrics of the work completed in 2019 with the one test and learn service-learning program model.Support homebuyer readiness services or programs in high-needs rural regions.Engage housing counselors in high-needs rural regions identifying capacity challenges that can be addressed through technical assistance.Continue engaging CDFIs or other mission driven lenders identifying innovative homeownership or lending models; identify capacity challenges that can be addressed through technical assistance.Establish a targeted marketing campaign(s) focused on raising awareness, or highlight an initiative in conjunction with other activities to support an increase in loan deliveries.<u>Finalize and publish a census tract-based colonias definition and identification methodology, including a colonias dataset and mapping to assist with the tracking of loan purchases.</u>¹ |

¹ Achievement is based upon a non-objection from FHFA on publishing the census tract-based colonias definition and identification methodology.



**Fannie Mae
Rural Housing
2020**

Activity: Regulatory Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective 3: Create a work-plan and increase multifamily loan purchases in Middle Appalachia, the Lower Mississippi Delta, and the colonias (Analyze, Test and Learn, Do What We Do Best).

Proposed Modification: Remove outreach related action items.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned.



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

Note: Fannie Mae seeks extra credit for this Activity.

3. Objective #3: Create a work-plan and increase multifamily loan purchases in Middle Appalachia, the Lower Mississippi Delta, rural tracts in persistent poverty counties, and the colonias (Analyze, Test and Learn, Do What We Do Best).

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none">▪ Based on the work performed in 2018 and 2019, increase loan purchases as follows:<ul style="list-style-type: none">• Purchase 54 multifamily loans in high needs rural regions, a 25 percent increase over the 2019 target.• Implement additional key actions and/or product enhancements that were potentially identified as part of the updated work-plans.• Revise and document updated work-plans including considering proposing additional product enhancements or key actions.• Facilitate one rural housing roundtable with cross-functional industry representation to continue to discuss, analyze, and solve the challenges facing high-needs rural regions.• 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.• Participate in two key conferences as a means to continue to network with key industry stakeholders and to communicate the “Duty to Serve” message.• Conduct one survey of key stakeholders in Middle Appalachia, the Lower Mississippi Delta, and the colonias to assess the impact of Fannie Mae’s work-plan.• Identify and document at least four key lessons learned from the work completed during the three years of the Plan and use this information as well as the research results to prepare the 2021 – 2023 Duty to Serve Plan. |



**Fannie Mae
Rural Housing
2020**

Activity: Regulatory Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

Objective 5: Develop a data visualization tool to provide rural affordable housing practitioners better insight into the social and economic conditions of high-needs rural regions (Analyze, Test and Learn).

Proposed Modification: Removing the actions around marketing and a broader rollout of the tool.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Based on feedback from our partners, we have determined that we are likely to have stronger adoption of the visualization tool if we delay the roll out until next year. In the interim, Fannie Mae will continue to work to solicit feedback and identify opportunities to improve the tool.



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

Note: Fannie Mae seeks extra credit for this Activity.

5. Objective #5: Develop a data visualization tool to provide rural affordable housing practitioners better insight into the social and economic conditions of high-needs rural regions (Analyze, Test and Learn).

| Year | Actions |
|------|---|
| 2020 | <ul style="list-style-type: none">• Enhance the tool based on learnings and insights obtained during 2019.• Provide access to the rural visualization tool on a test basis to a second small group of affordable housing practitioners in rural America who serve communities in the high-needs regions, which may include smaller financial institutions, CDFIs, nonprofits, and state housing agencies. Determine use cases for each organization, implement mapping solutions for each organization, provide support for the tool, and obtain feedback on the effectiveness and value of the tool.• Execute the market strategy for enhancement, use, and implementation of the tool for use by affordable housing organizations in the high-needs rural regions.<ul style="list-style-type: none">○ Implement broader rollout of the tool, as planned in the market strategy. |



Fannie Mae
Rural Housing
2020

Activity: 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).

Proposed Modification: Removing the actions related to outreach and stakeholder engagement.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to the significant health and economic impacts of the pandemic, Fannie Mae ceased all non-COVID related outreach and communication to partners and stakeholders beginning in March, slowly easing these restrictions starting in mid-July. These travel restrictions, partner resource constraints, and social distancing recommendations have limited our ability to meaningfully engage with external partners. Most conferences have been cancelled, postponed, or moved to a virtual format. As a result, we believe that the work we had intended to complete this year would not have a significant impact if we were to proceed as planned.



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

Note: Fannie Mae seeks extra credit for this Activity.

3. 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).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|--|
| 2020 | <p>Based on the work completed in 2018 and 2019:</p> <ul style="list-style-type: none"> • 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. • Partner with two non-profit organizations with deep experience and expertise with developing affordable rental housing for Native 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 • Implement additional key actions and/or product enhancements that were potentially identified as part of the updated work-plans. • Revise and document updated work-plans including considering proposing additional product enhancements or key actions. • Facilitate one rural housing roundtable with cross-functional industry representation to continue to discuss, analyze, and solve the challenges facing high-needs rural populations. • 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. • Participate in two key conferences as a means to continue to network with key industry stakeholders and to communicate the “Duty to Serve” message. • Conduct a survey of key stakeholders to assess the impact of each of Fannie Mae’s work-plans for these high-needs rural populations. • Identify and document at least four key lessons learned from the work completed under each of the work-plans and use those findings, as well as the survey results, in the planning process for the 2021 — 2023<u>next</u> Duty to Serve Plan. |



**Fannie Mae
Rural Housing
2020**

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

Objective 4: Purchase single-family NACLII and/or HUD Section 184 loans and produce loan products via supply variance and appraisals. (Do What We Do Best).

Proposed Modification: Remove the loan purchases and add in technical assistance activity.

Justification for Proposed Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

This purchase target was unattainable due to suspended new construction throughout the country, including units on a Midwestern Native American reservation where we had planned 2020 acquisitions. With a limited resale market, most homes purchased on tribal lands are new construction. Limited lender capacity, economic consequences of COVID-19 in Native American communities, and our inability to further establish and nurture our Native American relationships due to travel restrictions also created barriers to reaching this target.



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

Note: Fannie Mae seeks extra credit for this Activity.

4. Objective #4: Purchase single-family NACLI and/or HUD Section 184 loans and produce loan products via supply variance and appraisals. (Do What We Do Best).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| Year | Actions |
|------|--|
| 2020 | <ul style="list-style-type: none"><li data-bbox="267 751 1523 842">• Purchase at least 10 NACLI and/or HUD Section 184 purchase money or refinance loans on tribal trust land. It should be noted 2020 target of 10 is lower than the 2019 target because we have shifted our focus to only include loans delivered on tribal trust lands.<li data-bbox="267 863 1523 919">• Publish one piece of guidance or an enhancement within the variance as it relates to credit or collateral policy regarding tribal trust land.<li data-bbox="267 940 1523 997">• <u>Increase mortgage lending on tribal trust lands by providing technical assistance to at least two Native American tribes, Native CDFIs or Tribal Designated Housing Entities.</u> |



Fannie Mae
Rural Housing
2020

Activity: Regulatory Activity: Financing by small financial institutions of rural housing (12 C.F.R. § 1282.35(c) (3)).

Objective 2: Purchase single-family rural loans through bulk transactions from small financial institutions (Analyze, Innovate and Do What We Do Best).

Proposed Modification: Reduce number of test and learn transactions.

Justification for Modification: The COVID-19 pandemic has impacted Duty to Serve Underserved Markets in ways that we could not have anticipated when we submitted our 2020 Duty to Serve Plan, and as a result, we are requesting a modification. Unexpected impacts have included diminished lender capacity to roll out product changes or to focus on business lines that may require more resources; market slowdowns; and limited capacity among community partners who are critical to the success of many Duty to Serve projects.

Due to COVID-19, Fannie Mae has temporarily ceased bulk acquisitions. In addition, market uncertainty caused by high forbearance rates have temporarily paused investor appetite as it relates to mortgage servicing rights. Without an approved Fannie Mae servicer to purchase servicing rights from a non-approved community lender, we are unable to complete a bulk purchase transaction even if the portfolio meets our standards.

We are pursuing one test and learn transaction, which was already underway prior to COVID-19, and are no longer pursuing additional transactions at this time due to market uncertainty.



C. Regulatory Activity: Financing by small financial institutions of rural housing (12 C.F.R. § 1282.35(c) (3)).

2. Objective #2: Purchase single-family rural loans through bulk transactions from small financial institutions (Analyze, Innovate and Do What We Do Best).

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

| | |
|-------------|--|
| 2020 | Subject to internal approval, Fannie Mae will: <ul style="list-style-type: none">• If analysis of portfolios indicates a viable opportunity with seller servicers or non-seller servicers, conduct <u>pursue 2-4one</u> test and learn transactions and document learnings.• Pursue partnerships with CDFIs, CUSOs, HFAs and credit unions for the test and learn transactions.• Continue to expand lender outreach to an additional 10 small financial institution lenders (i.e., lenders not approached in 2018 or 2019). |
|-------------|--|