

2025 Rural Housing Loan Product

ACTIVITY:

A. Support the rural housing market, as most broadly defined by the Regulation (12 C.F.R. § 1282.35 (d)).

OBJECTIVE:

4. Deploy a strategy to increase mortgage opportunities for rural residents of heirs' property.

SUMMARY OF RESULTS:

<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"/> Leverage past research and outreach to inform a loan product strategy that increases mortgage opportunities for rural residents of heirs' property.	Informed by research and outreach conducted during and prior to 2025, Fannie Mae deployed a loan product strategy for this market that it will continue to pursue with lenders in 2026.	
<input checked="" type="checkbox"/> Based on prior learnings, publish a research report or white paper that identifies plausible actions Fannie Mae and its lender partners could take to improve access to mortgage financing for heirs' property residents.	We issued guidance on our heirs' property landing page clarifying various features of Fannie Mae loan products that could be used to support this market.	Rather than publish a research report or white paper, we opted to publish immediately actionable guidance to our webpage. We decided a product strategy would best be communicated as guidance, rather than research.
<input checked="" type="checkbox"/> If feasible, design a guide change, variance, or pilot that reflects the research report or white paper, such as: <ul style="list-style-type: none"> - Refinance terms that enable an heirs' property owner to make necessary repairs, consolidate ownership, and clear title; - Supporting resources that set up the owner and future heirs for success in homeownership; and - Partnerships with local organizations to promote product awareness 	Our guidance clarifies the permissibility of existing products to serve heirs' property homeowners. Specifically, it clarifies how a cash-out refinance and limited cash-out refinance can be used to buy out other heirs, pay off fees related to title resolution, and address overdue home repairs and renovations.	After analysis of challenges facing this market and areas where mortgage lending might be advantageous, we determined that existing product features could support heirs' property homeowners without the need for a guide change or variance. The heirs' property guidance is published prominently on Fannie Mae's heirs' property landing page and is supported by a newly published HomeStyle® Renovation FAQ.
<input checked="" type="checkbox"/> Pursue necessary internal and external approvals for the guide change, variance, or pilot.	We utilized a cross-organization working group to ensure necessary approval to publish the heirs' property product guidance.	



<input checked="" type="checkbox"/> Socialize any loan product actions with multiple rural lenders and, if feasible, propose a future loan purchase goal for 2026 and/or 2027.	We promoted the heirs' property product guidance through multiple channels, including communication with trade organizations, presentations on both internal and external webinars, presentations at three housing conferences, and one-on-one lender meetings to discuss implementation in 2026.	
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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?

Our product strategy for rural residents of heirs' properties has the potential to expand mortgage financing to thousands of rural households. According to past research led by Housing Assistance Council and Fannie Mae, there were, conservatively, more than 580,000 households in the United States that were likely to be or were at risk of becoming heirs' properties in 2023. More than two-thirds of those households were in rural census tracts. Any strategy to support heirs' ability to access the equity in the property that they rightfully own has significant potential for impact to the rural housing market. This represents a meaningful opportunity to open access to intergenerational wealth and stabilize rural communities that often experience persistent title challenges.

The guidance that we published in 2025 on our heirs' property landing page makes clear to any Fannie Mae seller servicer that a conventional mortgage can address three common needs of heirs without the need for a new product or variance. By placing this guidance directly on a public-facing webpage, and organizing it within a single, clearly contextualized resource, we ensured that lenders, counselors, legal aid providers, and other stakeholders can easily understand how conventional financing applies to heirs' property scenarios. Publishing it publicly also reduces misinterpretation, reinforces consistency across lender practices, and positions Fannie Mae as an authoritative and transparent source on an often unfamiliar issue. Following publication of the guidance in September, we promoted it with stakeholders in several diverse forums, including: two lender webinars that we hosted; a webinar hosted by the National Community Reinvestment Council consisting of an audience of housing counselors and community development financial institutions; through several one-on-one conversations with Fannie Mae seller servicers; and at the Housing Assistance Council's Rural Homes, Secure Land Forum, a large in-person gathering of heirs' property experts. This multilayered outreach helped ensure that the new resource was not only available but also explained in proper context, which is essential for accurate application and broader market uptake.



In the long run, this product development and promotion has the potential for significant, lasting impact, but its success will hinge on adoption by lenders and support by heirs' property stakeholders, like legal aid providers and family mediators who are critical to driving any decision on the property. Fannie Mae is doing our part to prime the heirs' property housing market for more liquidity by publishing and promoting product guidance that clearly supports lender adoption. By situating this guidance in a publicly accessible format and reinforcing it through ongoing engagement, we have laid the groundwork for more confident lender participation, greater borrower clarity, and future liquidity in the rural heirs' property market.

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

Through extensive market engagement with lenders, researchers, heirs' property community advocates, and others in 2025, Fannie Mae learned about several needs facing heirs' property homeowners. For example, in its engagements with Catapult Greater Pittsburgh, working to support both rural and nonrural homeowners facing challenges in their ownership of heirs' property, Fannie Mae observed first-hand that some of the most common needs include critical home repairs and thoughtfully consolidating homeownership when there are multiple legal heirs.

In response to these and other lessons, Fannie Mae issued product guidance that clarified whether and how a Fannie Mae limited cash-out refinance (LCOR) loan might allow homeowners to access the funds for these purposes. As noted on [fanniemae.com](https://www.fanniemae.com):

- Proceeds from an LCOR may be used to pay down debt associated with clearing property title and properly vesting title in the rightful heirs;
- A borrower may use their proceeds from an LCOR to buy out a co-owner or multiple co-owners without facing constraint from seasoning requirements; and
- A Homestyle® Renovation LCOR may be used to finance home repairs, make resiliency improvements, or general renovations.

By aligning its product guidance with lessons learned from a broad set of stakeholders, we are making mortgage finance available to heirs' property homeowners in ways that are relevant to their most pressing needs.

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

N/A