

2025 Rural Housing Outreach

ACTIVITY:

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

OBJECTIVE:

3. Develop a strategy to increase single-family lending in colonia census tracts.

SUMMARY OF RESULTS:

This objective was deleted from future years as permitted under the Plan Revision Process specified in Chapter 1, Section IV of the Duty to Serve Evaluation Guidance (2025-8).

<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 upon prior lender engagement efforts to inform a sustainable outreach strategy to increase liquidity in the colonias.	Target met through 2025 actions; see subsequent implementation steps.	
<input checked="" type="checkbox"/> Summarize, publish, and socialize key learnings from colonias outreach conducted in prior years.	Fannie Mae published an entry to our Colonias landing page on fanniemae.com titled "What we learned." This resource highlights insights that have informed us about our activities in the region and will continue to do so going forward.	
<input checked="" type="checkbox"/> Gather recommendations from at least three lenders that are reasonably likely to increase loan deliveries.	We had in-depth one-on-one discussions where we collected recommendations from seven lenders active in the Colonias.	
<input checked="" type="checkbox"/> As needed, support lenders that currently originate but are not delivering conforming loans to Fannie Mae	Lenders selected for one-on-one outreach all displayed the capacity to deliver more loans to us than they are currently. In addition, Fannie Mae's targeted deposit strategy resulted in a significant deposit placed in a Community Development Financial Institution (CDFI) with a majority of its branch locations located in Colonias.	



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 2025, Fannie Mae expanded our lender engagement efforts to identify opportunities and better understand challenges in rural markets, particularly in the Colonias region. These efforts included hosting rural-focused webinars, conducting individual lender outreach, and publishing research findings to inform the industry. These activities strengthened industry awareness of Colonias-specific needs and advanced our strategic goal of expanding liquidity in deeply underserved rural geographies.

We hosted two webinars focused on rural lending, attracting 80 attendees from 70 different lenders. These sessions provided education on the expanded Colonias geography, tools for identifying loans and serving borrowers in these areas, and product resources designed to help lenders grow their rural business. The breadth of participation, including lenders with limited prior engagement in Colonias, demonstrated meaningful industry appetite for deeper understanding of rural lending opportunities and signaled that our outreach is helping catalyze future growth in these markets.

Beyond group education, we engaged individually with several lenders serving the southern border. These lenders represented all four Colonias states. During these conversations, we highlighted the 2023 expansion of the Colonias definition, introduced affordable products such as HomeReady®, HomeStyle® Renovation, HomeStyle® Refresh, manufactured housing, and HFA Preferred™, and demonstrated tools like the pipeline reporting in Fannie Mae Connect™ and Area Median Income Look-Up Tool. We also reviewed updated guidance on heirs' property solutions. By equipping lenders with this combination of product knowledge, operational tools, and updated guidance, we provided the foundation for more confident loan delivery and helped lenders better identify opportunities to serve low-income rural households who often lack access to safe and affordable mortgage credit.

Separate from these strategies aimed at encouraging lenders to deliver more single-family loans to Fannie Mae, we also ensured that our emerging targeted deposit strategy would provide support for housing lenders serving Colonias. In 2025, one of the recipients of a significant deposit from Fannie Mae was a CDFI in Texas active in affordable home lending and with four branches located in Colonias. Eighty-five percent of that lending reached low- and moderate-income communities, reflecting a deep commitment to households and regions that often struggle to secure traditional financing. Providing deposits to a lender with this level of mission-driven focus amplified our impact by allowing capital to flow into the communities that need it most, where conventional financing channels remain limited. Freedom Bank focuses on rural counties where mortgage credit is limited and where residents face persistent gaps in housing availability and quality. The bank relies on its local knowledge, relationship driven approach, and flexible credit solutions to meet borrowers where they are. By financing single family homes, small scale housing projects, and community development efforts in rural areas, the recipient colonia lender helps families achieve homeownership, strengthens local economies, and supports long term housing stability across its service area. Through our deposit, we helped reinforce the financial capacity of a lender that plays an outsized role in meeting the needs of Colonias communities and advancing equitable rural housing outcomes.



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

Our work confirmed that many challenges identified in prior years persist, including lack of affordability driven by higher interest rates, limited affordable housing stock, insufficient down payment assistance, and inadequate infrastructure funding. We also learned that these challenges vary by state. For example, California faces severe affordability issues, while New Mexico, Arizona, and Texas struggle to secure funding for affordable supply. Many borrowers remain priced out of homeownership, and conventional lending remains difficult; government-backed products with higher loan-to-value (LTV) ratios are often the best or only viable option.

We observed unique dynamics in Arizona, where strong demand for manufactured housing, multigenerational living, and accessory dwelling units reflects a need for flexible housing solutions. Lenders are financing off-grid homes and serving permanent resident aliens, signaling that nontraditional borrowers and properties are common. Infrastructure gaps and high debt-to-income ratios further complicate lending, while community land trusts and one-time close construction loans show promise for expanding supply.

Programs like HomeReady, with competitive pricing, and updated guidance on heirs' property were viewed as valuable tools to overcome barriers. In rural California and border regions, affordability remains a major obstacle, with condominiums often more viable than single-family homes. Low utilization of products such as MH Advantage® and limited infrastructure in areas like Imperial County highlight the need for better awareness and marketing. Lenders expressed interest in the expanded Colonias definition and heirs' property solutions but emphasized that enhanced homebuyer education and counseling are critical for success. Difficulty reaching rural borrowers and attracting applications underscores the importance of targeted outreach and partnerships.

Overall, we learned that addressing underserved market needs requires a multi-pronged approach: product and policy innovation, infrastructure investment, education and marketing, down payment assistance, and affordable supply. Success will require collaboration among government entities, lenders, builders, government-sponsored enterprises, and other industry partners to bridge gaps in access and affordability.

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

N/A