

## 2025 Rural Housing Loan Purchase

**ACTIVITY:**

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

**OBJECTIVE:**

2. Acquire single-family purchase money mortgage (PMM) loans in high-needs rural regions.

**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 type="checkbox"/> Purchase 6,900 single-family mortgage loans in high-needs rural regions, a roughly 7% increase over the baseline.	In 2025, Fannie Mae purchased 6,866 eligible loans, exceeding the baseline by 6.1% and falling slightly short of the target.	Fannie Mae fell 34 loans short of the target for this objective due to the challenging market conditions outlined below. However, it is important to note that the share of all Single-Family loans in 2025 that met this objective was the highest recorded since at least 2017.

**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?**

Fannie Mae purchased 6,866 loans eligible under this Duty to Serve Objective in 2025, which was 0.5% short of the target but represents a 6.1% increase over 2024. This near-target performance, achieved within a challenging lending environment, reflects a meaningful expansion of our support for rural and high-needs rural region (HNRR) markets. This increase occurred in spite of the fact that we purchased fewer single-family loans in 2025 than in 2024, meaning that in 2024 the share of all single-family loans that met this Objective was 0.83% and rose to 0.96% in 2025. This upward shift in share illustrates that, although overall volumes contracted, our relative impact grew stronger—demonstrating strategic focus and deeper penetration into underserved rural areas. Rural loan activity in 2025 represents the highest share since at least 2017 and represents progress in our support of this



underserved market, even as market conditions have made lending more challenging. This performance lays a solid foundation for future rural lending, reinforcing our capacity to deliver liquidity even when external conditions suppress demand.

Even facing rising home prices, 40% of loans qualifying for this objective had initial loan balances of less than \$150,000. Approximately 67% of the high-needs rural region (HNRR) Duty to Serve loans were made to low- or very low-income homebuyers, similar to the rate in recent years. Maintaining this high level of lending to lower-income borrowers—despite affordability pressures—demonstrates our continued commitment to reaching households with the greatest need. Finally, 61% of the loans were made to first-time homebuyers, which is the highest such rate since at least 2022 and three percentage points higher than in 2024. This increase underscores the importance of our efforts in helping new buyers enter the market at a time when rural homeownership continues to face structural barriers, including limited inventory and elevated construction costs. HNRR loan purchases ultimately served a diverse group of borrowers and made significant impact for homebuyers living in HNRRs. Together, these outcomes highlight the depth and breadth of our impact in 2025 and reinforce the strong foundation we are building for continued support to underserved rural communities.

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

As we have done in past years, we surveyed a handful of lenders specializing in HNRRs multiple times in 2025 to better understand opportunities and challenges they face in serving these markets. Across those interviews, we found several common themes:

- Ultimately, lenders that are actively expanding their footprint in rural areas are optimistic about future loan originations and their ability to deliver qualifying loans to Fannie Mae.
- As in recent years, the primary challenges lenders face in HNRR loan originations are limited supply and constrained affordability, the latter being influenced by both high home prices and interest rates.
- Multiple lenders shared that the supply challenges can be exacerbated by demographic factors, including the fact that some of the most economically active areas previously classified as rural no longer classify due to population growth. Another example is that area median incomes (AMIs) are so low in some rural communities that those who can afford to purchase a home exceed the 100% AMI regulatory limit.
- Other lending challenges include issues related to appraisal and zoning. For example, lenders flagged difficulty finding comparable sales within a one-mile radius; rural properties often include large acreage and outbuildings, raising land use issues that complicate underwriting.
- Higher exposure to natural disasters like tornadoes and flooding and related concerns, such as greater distance from fire stations, make risk and insurance costs onerous for many HNRRs.
- Also similar to prior years' surveys, lenders noted that continued competition for borrowers from other financing sources, such as government programs and portfolio products, is limiting our ability to purchase HNRR loans.

While many of these issues are not directly addressable by Fannie Mae, such as the demographic changes altering the rural housing market or the strategies of other market participants, we have been consistent in our promotion of conventional loans as part of the solution to improving housing conditions in HNRRs.

Beyond the lender discussions summarized above, we also led two rural lending webinars for lenders in 2025. During these training sessions, we reiterated the pricing advantages of delivering HNRR loans while utilizing Fannie Mae technology solutions and products relevant to these markets. Lender engagement was a key to our strong relative performance in 2025 and will be necessary to meet or exceed these targets in future years.

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

Fundamentally, the fact that the 2025 target for this Objective was about 6% higher than actual loan purchases in 2024 — while market conditions were largely unchanged — made this target a stretch. This is especially so considering the overall single-family business purchased slightly fewer loans in 2025 than in 2024.

The challenges noted above, namely, declining housing affordability and demographic factors, are limiting the amount of growth possible in this loan purchase target. In spite of this, we nearly achieved the target, falling short by only 34 loans — demonstrating significant impact under challenging circumstances.