

## 2024 Rural Housing Loan Purchase

### ACTIVITY:

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

### OBJECTIVE:

1. Increase liquidity in high-needs rural regions through multifamily loan purchases.

### INFEASIBILITY:

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

Loan purchases under this Objective are correlated with multifamily loan purchase volume, generally. Unfortunately, the overall market for multifamily loan purchases in 2024 was significantly lower than in recent years. 2024 multifamily overall loan purchase volume was 17% lower than in 2023. Comparing 2024 multifamily loan purchase volume to the period during which the baseline was set, 2024 was 32% lower than the average volume from 2017 through 2020. These unfavorable market circumstances and other factors are discussed in more detail under Question 3, below.

In this light, falling only five loans short of the baseline in 2024 represents a meaningful accomplishment amid challenging marketing conditions.

### 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 52 loans on multifamily properties in the high-needs rural regions, which represents a 21% increase over the baseline.	Fannie Mae purchased 38 loans under this Objective, which fell short of both the baseline of 43 loans as well as the target.	
<input checked="" type="checkbox"/> Conduct outreach with active lenders in rural areas to share Fannie Mae's interest in qualifying business and provide data to encourage production from lenders.	In 2024, we included high-needs rural region (HNRR) sub-market identifiers to the Area Median Income (AMI) Lookup Tool, the primary lender-facing resource to identify property addresses that qualify for this Objective.	

### 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?

2024 loan purchases under this Objective fell short of the target and baseline. While HNRR loan purchases had been steady from 2020 through 2022, ranging between 47 and 52 annually, there has been significant variance over the past two years. Fannie Mae purchased 38 HNRR loans financing 46 properties in 2024, marking a 40% decline in loan purchases compared to the year prior. The primary driver of the 2024 reduction was a decline in overall loan acquisition activity. Looking at the share of overall multifamily loan purchases rather than a count, we displayed a strong commitment in this market despite falling short of the Objective target and baseline. Specifically, 1.5% of all multifamily loan purchases in 2024 were HNRR loans compared to 1% in 2020, 1.1% in 2021, 1.5% in 2022, and 2.3% in 2023. Apart from an unusually high volume of HNRR loan purchases in 2023, the share of multifamily loan purchases financing properties in the HNRR market is the highest it has been in five years. This demonstrates consistent and meaningful growth in our support of this underserved market even as market conditions have suppressed loan volumes in recent years.

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

The primary impediment to meeting this purchase Objective was the decline in overall multifamily purchase volume in 2024 compared to previous years. Changes to the Multifamily Credit Facility product and the small rural purchase objective impacted loan attainment by shifting DUS® lenders and borrowers toward Bulk Delivery and Flow products. Compared to the Credit Facility product, Bulk Delivery and Flow products may finance multiple properties through a single loan, in some cases understating the true impact of a single loan purchase. However, this adjustment alone did not preclude us from meeting the baseline or target for this objective.

Despite significant reductions in multifamily purchase activity, we saw resiliency in attainment figures of loans financing properties in HNRRs. A retroactive analysis of pipeline and deliveries shows that our “win rate” in this market (the percentage of loans purchased compared to the number of eligible deals registered in the deal pipeline) exceeded those seen in the years used to determine the baselines and was on par with other years in the current Plan cycle. This demonstrates that we remain competitive in serving the market despite the multifamily market contraction that made achieving the target unattainable.

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

The dramatic reduction of multifamily acquisition volume since 2020 was the main driver of the decline in HNRR loan purchases. Since 2020, the number of multifamily loan purchases has been down 44%, while the number of HNRR loan purchases has only been down 18%, demonstrating our commitment to acquiring loans that finance HNRR rental units despite a decrease in overall acquisition volume.

The reduction in overall volume is not limited to acquisitions. Analysis of our loan pipeline shows that new deal registration volume has also diminished at a similar pace to acquisition counts.

Against these challenging market conditions, our 2024 attainment made a meaningful contribution to the underserved HNRR market even though it was below the baseline.





## Rural Housing Third Quarter Report: July 1 - September 30, 2024 Loan Purchase

### ACTIVITY:

A. Housing in high-needs rural regions

### OBJECTIVE:

1. Increase liquidity in high-needs rural regions through multifamily loan purchases.

### SUMMARY OF PROGRESS:

Fannie Mae acquisition of loans financing properties in High Needs Rural Regions (HNRR), while robust over the last several years, is being impacted by a trend of declining eligible deal flow beginning in Q1 2023. Through the end of the third quarter, Fannie Mae acquired 27 loans which financed nearly 2,500 units across 35 properties. The reduction in loan attainment relative to the first three quarters of 2022 and 2023 is largely driven by declining deal registration and overall acquisitions which have fallen over 40% during the last 6 quarters. While the proportion of Multifamily business financing HNRR properties has actually increased significantly compared to the years which established the baselines and targets, Fannie Mae expects to miss both in 2024. Based on pipelines at the end of October, we anticipate finishing the year with between 38 and 42 acquired loans financing approximately 48 properties.

Anecdotally, lenders active in rural markets have previously suggested that the high levels of HNRR deal registration would be short lived as originators identified “low hanging fruit” in Rural markets before transitioning focus back to major metro areas. Fannie Mae continues to address HNRR-specific outreach and recently included HNRR sub-market data to the AMI Lookup Tool, the primary lender-facing resource to identify property addresses which qualify for the HNRR objective.

### SELF-ASSESSMENT RATING OF PROGRESS:

- ☐ On track to meet or exceed the target
- ☐ Progress delayed and/or partial completion of the objective expected
- ☒ Unlikely to achieve any milestones of the objective





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**Third Quarter Report: July 1 - September 30, 2024**  
**Loan Purchase**

**ADDITIONAL INFORMATION (IF APPLICABLE):**