

## 2024 Rural Housing Outreach

**ACTIVITY:**

D. Regulatory Activity: Support small multifamily rental properties financing (12 C.F.R. § 1282.35 (d)).

**OBJECTIVE:**

2. Small rural multifamily rental outreach.

**INFEASIBILITY:**

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

**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"/> Conduct outreach to support the attainment of small rural multifamily rental loan purchase goals in 2024 and to expand loan pipelines for future years.	Target met through 2024 actions; see subsequent implementation steps.	
<input checked="" type="checkbox"/> Continue to engage with DUS lenders to explore specific rural opportunities.	Fannie Mae introduced multiple resources to Delegated Underwriting and Servicing (DUS®) lenders in 2024 to allow them to better identify qualifying loans.	
<input checked="" type="checkbox"/> Participate in at least one event with industry stakeholders to promote Fannie Mae's focus on this area of the market.	Our staff attended the Western States Commercial Real Estate Finance (CREF) Conference, the premier conference for many smaller rural operators, lenders and industry professionals nationwide.	
<input checked="" type="checkbox"/> Revisit pricing and credit policy strategies introduced in prior years and determine whether and how to formalize strategies for all lenders.	We conducted an internal analysis of credit and pricing strategies and determined that our product offerings remain competitive in a challenging lending market.	



## 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 engaged with DUS lenders in a variety of settings throughout 2024 in support of the outreach goal to increase the acquisition of small rural rental (SRR) properties, focusing primarily on three related tactics.

First, Multifamily teams launched technical improvements within DUS Gateway that streamlined early detection of deals that qualified for the SRR purchase objective and expanded automatic flagging for this Duty to Serve (DTS) Objective upon deal submission. While this capability was previously introduced to a limited portion of the deal pipeline in 2023, 2024 was the year in which this feature was expanded to 100% of deals submitted by lenders via DUS Gateway. The automation replaces a manual effort that was done biweekly and effectively identifies specific small rural opportunities for Multifamily deal teams before they are evaluated by credit underwriting or quoted.

Second, Multifamily Data and Reporting teams developed and launched into production a near real-time view of Multifamily attainment toward the small rural Objective. When combined with the automatic deal flagging in pipeline, this report allows deal, credit, and pricing teams to conduct operations within the context of year-to-date DTS attainment, potentially providing flexibility where prudent to win business, demonstrate commitment to underserved markets, and better achieve purchase targets.

Lastly, Enterprise Technology made several requested enhancements to the AMI Lookup Tool, DUS lenders' primary touchpoint to test property addresses for Rural DTS eligibility. These enhancements, and our continued promotion of the tool, enables lenders to explicitly highlight DTS eligibility in lender narrative documents.

Providing these resources, combined with direct lender engagements like participation in the Western States CREF Conference, likely contributed to the continued growth of SRR lending as a share of overall multifamily loan acquisitions. (2024 loan purchase activity is discussed in more detail under Objective 1 of this Activity.)

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

We conducted a retrospective analysis of SRR lending in recent years and considered whether changes to pricing or credit strategies would be justified. While confidential, this analysis resulted in several takeaways that will help guide attainment strategies into 2025 and beyond.

First, data shows that the share of small rural business as a proportion of overall deals has increased year-over-year. This suggests relative success in identifying and acquiring qualifying loans over time, even in years where Fannie Mae Multifamily did not meet the purchase objective target.



Second, delivery rates (the percentage of loans acquired out of registered or quoted deals) for small rural business show a steady and positive trend through the review period, which suggests that credit and pricing policies are maintaining or even increasing our competitiveness in this underserved market. The analysis demonstrated that the increase in delivery rate slowed in 2024, presenting an opportunity to track these metrics into 2025 and take proactive action if win rates decline or attainment lags behind the target.

Finally, trends in both credit underwriting and pricing mirror those across overall multifamily acquisitions, suggesting that existing multifamily business practices are successful and that current credit and pricing strategies may be sustainable. In other words, as evidenced by the growing share of SRR loans as a proportion of overall acquisitions and the consistently strong delivery rates for SRR loans, we have a competitive product offering to meet the liquidity needs in this underserved market. The largest limiting factor to loan purchases — a historically weak multifamily loan pipeline driven by macroeconomic challenges — is outside of our control.

Periodic reviews of these metrics will help determine if any revisions to the successful credit or pricing strategies utilized in 2024 should be considered.

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

N/A