



Fannie Mae 2020
Manufactured Housing
Loan Purchase

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

Following are the 2020 Actions under this Objective per the January 1, 2021 Duty to Serve Plan:

<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"/> Purchase three loans secured by a Non-Traditionally owned MHC (Resident-owned, government owned or non-profit owned).	•Fannie Mae acquired three loans in accordance with the new target per the Plan modification.	•N/A
<input checked="" type="checkbox"/> Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date.	•Fannie Mae monitored the results of the pilot through bi-weekly meetings with its pilot partners ROC USA® and National Cooperative Bank (NCB). The COVID-19 shutdowns, instability in the capital markets, and broader pandemic-related challenges negatively impacted our ability to effectively market the pilot program to Resident Owned Communities (ROCs) and purchase loans in 2020. Fannie Mae recommends no material changes to the pilot program parameters as performance and inability to purchase loans was impacted by COVID 19 and not by the program itself. Fannie Mae will continue with its outreach and education efforts	•N/A



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	to drive loan purchase activity and increase access to capital to ROCs.	
<input checked="" type="checkbox"/> Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues.	•Fannie Mae will continue its efforts to purchase ROC loans through the pilot program in 2021. Fannie Mae will make a final determination of the pilot based upon lessons learned at the conclusion of 2021.	•N/A
<input checked="" type="checkbox"/> Hosting/participating in one manufactured housing roundtable.	•Fannie Mae hosted and participated in a Manufactured Housing (MH) Roundtable in October of 2020. Fannie Mae Multifamily and Single-family Duty to Serve (DTS) teams convened a group of more than 100 external attendees, including many new participants comprised of key MH stakeholders. Fannie Mae Multifamily led a panel discussion on the topic of Non-Traditionally Owned (NTO) Manufactured Housing Communities (MHCs) with contributions from ROC USA (a Community Development Financial Institution (CDFI) that supports Resident Ownership) and Augusta Communities (a non-profit that owns and operates MHCs). The discussion provided a platform for these entities to create awareness of the extensive benefits that NTO MHCs offer to their residents, along with challenges they face to	•N/A



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	preserve the affordability and stability for residents.	
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SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)
- Objective partially completed: 0-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact
- 20 – Between Minimal and Meaningful Impact
- 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’s success in this Objective is a direct result of its industry outreach, lender education, and training activities. We increased awareness by presenting at industry conferences, conducting web-based lender training sessions, and hosting one Manufactured Housing Roundtable. These platforms provided an opportunity to further Fannie Mae’s goal to provide liquidity to Non-Traditional Owned (NTO) Manufactured Housing Communities (MHCs) and to garner feedback from the industry. In addition, we met with our Delegated Underwriting & Servicing (DUS®) lenders to discuss opportunities to expand their business through the product enhancement for NTO MHCs. We made them aware of new JLT reports (created in partnership with DataComp) that provide key data elements necessary to develop marketing strategies specific to geographic areas of the country with a high concentration of NTO MHCs. These reports, the first of their kind, serve as the foundation of market knowledge for NTO MHCs and provide in-depth data that was lacking in the industry.



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

2020 was a challenging year as the COVID-19 pandemic impacted the Duty to Serve Underserved Markets in ways we could not imagine when we submitted our 2020 Plan. The COVID-19 shutdowns limited lenders' capacity to roll out new product changes or focus on the expansion of business lines that require more resources. As a result, many of our partners paused their work on exploring new partnerships with NTO MHC borrowers. Many were dealing with resource constraints and the need to respond to an increase in refinancing and forbearance activities.

Despite these challenges, we learned that the market for NTO MHCs is gaining momentum, and access to capital for these ownership types is growing. In 2020, Fannie Mae acquired three NTO MHC loans. NTO MHC borrowers took advantage of the historically low interest rates and Fannie Mae's product enhancement to secure favorable financing terms for their communities. These acquisitions created a pathway for DUS lenders to expand their business into an entirely new market segment and provided NTO MHC borrowers with the opportunity to access Fannie Mae's flexible financing options for the first time.

3. (Optional): If applicable, why were all components of this objective not completed?

N/A



**Fannie Mae
Manufactured Housing
First Quarter Report: January 1 - March 31, 2020
Loan Purchase**

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

In Q1, Fannie Mae presented at major MH industry conferences to provide updates on 2019 DTS results, engage with key stakeholders, and to seek feedback. We continued our marketing efforts to increase the purchase eligible loans and met with lenders to discuss opportunities to expand business through the Non-Traditional MHC market. Fannie Mae conducted two live training sessions via Webex for DUS lenders and Fannie Mae customer engagement team members. Attendees were trained on the MH products and enhancements for Non-Traditionally owned MHC. In these training sessions, we also announced the release of the new "JLT" reports. The JLT reports, completed in collaboration with DataComp, provide industry professionals essential data on Non-traditional MHCs in five regions of the country. These reports serve as the foundation of market knowledge for Non-Traditional owned MHCs and are essential for lenders in the development of marketing strategies to expand their business in this underserved market sector.

We conducted bi-weekly pipeline meetings with ROC USA and NCB to discuss eligible transactions and develop strategies to win these deals. In an effort to better understand the competitive landscape for these deals, we researched and compared pricing/expenses of two known ROC lenders. We concluded that Fannie Mae's ROC pricing was aligned with these lenders but noted that our competitors don't require a 2% Good Faith Deposit and have lower origination fees.

As a result of the COVID-19 crisis, Fannie Mae Multifamily has amended our underwriting guideline to increase the capital reserve requirements. This change was a necessary measure to help manage our risk during this crisis so that we continue to meet our safety and soundness obligations, but it may impact our ability to purchase Non-Traditional MHCs loans as these borrowers operate with limited cash reserves on hand.



**Fannie Mae
Manufactured Housing
First Quarter Report: January 1 - March 31, 2020
Loan Purchase**

Following are the 2020 Actions under this Objective:

- Purchase six loans secured by MHC owned by government entities and/or non-profits.
- Purchase seven ROC loans through the pilot program.
- Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date.
- Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues.
- Continue ongoing outreach activities to increase our understanding of the market to ensure work is correctly targeted to increasing liquidity and to inform the establishment of the 2021 - 2023 Duty to Serve Plan, including:
 - Meeting with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.
 - Meeting with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.
 - Participating in two key industry conferences.
 - Hosting/participating in one manufactured housing roundtable.
- Publish publicly and distribute a white paper to key MHC industry stakeholders through presentations at outreach activities and other means of distribution.
- Prepare the 2021 - 2023 Duty to Serve Plan.

SELF-ASSESSMENT RATING OF PROGRESS:

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

ADDITIONAL INFORMATION (IF APPLICABLE):

Partial completion of the objective is expected due to unforeseen market challenges.



**Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2020
Loan Purchase**

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

As of the end of Q2, Fannie Mae has acquired one Non-Traditional MHC owned by a Non-Profit Entity on 4/29/2020 and zero Resident Owned MHC (ROC) loans through the Pilot program. We continue to be "off track" for this objective.

The COVID-19 shutdowns and subsequent market impacts have continued to limit our ability to make substantial progress this quarter. Travel restrictions and social distancing during the pandemic have led to the cancellation of several key industry conferences, previously scheduled in-person meetings with lenders and borrowers, and made it very difficult for ROC Board of Directors to convene meetings.

In recent conversations with lenders, we've learned that they have suspended outreach and marketing activities to Non-Traditional MHC borrowers in order to focus on helping as many of their customers as possible through near-term challenges and payment relief solutions resulting from shutdowns. In short, lenders have shifted available resources from front end origination activities to loss mitigation activities. Similarly, our ROC pilot partners are working to ensure that the communities they've financed are able to weather the crisis. Lenders have also advised that the instability of the capital markets coupled with an evolving credit environment presents additional complexities for Non-profits and Resident owned Co-ops. Additionally, lenders have informed us of their plans to restart outreach activities once the capital markets show signs of recovery and stability.

Fannie Mae will submit a plan modification for FHFA to review due to the complex challenges resulting from the pandemic. We are hopeful that will make progress towards our loan purchase goals as the year progresses. However, we believe it is unlikely that we will meet our targets.



**Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2020
Loan Purchase**

Following are the 2020 Actions under this Objective:

- Purchase six loans secured by MHC owned by government entities and/or non-profits.
- Purchase seven ROC loans through the pilot program.
- Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date.
- Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues.
- Continue ongoing outreach activities to increase our understanding of the market to ensure work is correctly targeted to increasing liquidity and to inform the establishment of the 2021 - 2023 Duty to Serve Plan, including:
 - Meeting with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.
 - Meeting with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.
 - Participating in two key industry conferences.
 - Hosting/participating in one manufactured housing roundtable.
- Publish publicly and distribute a white paper to key MHC industry stakeholders through presentations at outreach activities and other means of distribution.
- Prepare the 2021 - 2023 Duty to Serve Plan.

SELF-ASSESSMENT RATING OF PROGRESS:

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

ADDITIONAL INFORMATION (IF APPLICABLE):



Fannie Mae®

**Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2020
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Fannie Mae will submit a plan modification to FHFA for review, due to the complex challenges resulting from the pandemic.



**Fannie Mae
Manufactured Housing
Third Quarter Report: July 1 - September 30, 2020
Loan Purchase**

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

In Q3, Fannie Mae began slowly easing restrictions on all Non-COVID related outreach and communications on a virtual basis. We've continued engagement with our ROC Pilot partners and met with lenders who have begun to roll out product changes for Non-Traditional MHCs.

However, as a result of the restrictions on outreach activities earlier in the year and a shift in priorities for our partners, we will likely fall short of our 2020 targets. We have submitted a plan modification to FHFA, which is currently out for public comment.

Following are the 2020 Actions under this Objective:

- Purchase six loans secured by MHC owned by government entities and/or non-profits.
- Purchase seven ROC loans through the pilot program.
- Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date.
- Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues.
- Continue ongoing outreach activities to increase our understanding of the market to ensure work is correctly targeted to increasing liquidity and to inform the establishment of the 2021 - 2023 Duty to Serve Plan, including:
 - Meeting with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.



**Fannie Mae
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Third Quarter Report: July 1 - September 30, 2020
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- Meeting with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.
- Participating in two key industry conferences.
- Hosting/participating in one manufactured housing roundtable.
- Publish publicly and distribute a white paper to key MHC industry stakeholders through presentations at outreach activities and other means of distribution.
- Prepare the 2021 - 2023 Duty to Serve Plan.

SELF-ASSESSMENT RATING OF PROGRESS:

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

ADDITIONAL INFORMATION (IF APPLICABLE):

Plan modification has been submitted.