

## 2022 Rural Housing Outreach

**REGULATORY ACTIVITY:**

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

**OBJECTIVE:**

2. Small rural multifamily rental outreach.

**INFEASIBILITY:**

Please check here if the Enterprise is submitting an infeasibility request for the objective.

**SUMMARY OF RESULTS:**

Objective’s components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
<input checked="" type="checkbox"/> Conduct outreach to support the attainment of small rural multifamily rental loan purchase goals in 2022 and to expand loan pipelines for future years.	Collectively, the four implementation steps below describe outreach efforts that accomplished this target.	N/A
<input checked="" type="checkbox"/> Analyze Fannie Mae's nationwide strategy for purchasing small multifamily rental property loans and consider specific opportunities in rural areas.	Fannie Mae communicated its 5- to 50-unit loan purchase goals to DUS® lenders across multiple channels but also targeted outreach to communicate the rural target to those lenders most equipped to deliver small rural multifamily rental loans.	N/A
<input checked="" type="checkbox"/> Engage with DUS lenders to explore specific rural opportunities.	Fannie Mae engaged in targeted discussions on this topic with eight DUS lenders.	N/A
<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.	Fannie Mae included a rural focus at the 2022 annual DUS Conference to an audience of lenders, highlighting tools and strategies to finance small rural and high-needs rural region loans.	N/A
<input checked="" type="checkbox"/> Analyze whether there is a market need for targeted pricing strategies and, if so, which ones would be economically viable and sustainable; test and learn updates with select lenders as appropriate.	Fannie Mae discussed loan product parameters, including pricing, with several lenders but ultimately decided to maintain its pricing strategy.	N/A



## 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?

To support a loan purchase objective for small rural multifamily rentals that was not present in 2021, Fannie Mae committed resources for a dedicated outreach strategy for this market. Fannie Mae surpassed its 2022 loan purchase goal, which we believe is the most concrete measure of success for these related outreach efforts.

However, beyond loan purchases, outreach efforts have generated several measures of impact, including:

- Targeted outreach to eight (or one-third) of our DUS<sup>®</sup> lenders – identified by trends in their financing metrics with Fannie Mae and their rural lending footprint – to discuss and confirm the competitiveness of our product offerings.
- Successfully reaching 10 lenders through breakout groups and rural deal highlights at the annual DUS Conference.
- Gathering key information on market conditions and trends to inform future strategy.

This progress forms the backbone of Fannie Mae’s small rural multifamily rental strategy in 2023 and beyond. It will allow us to respond more quickly since we have established lines of communication with key lenders that are active in this market.

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

As noted in the narrative summary of Objective 1 under this same activity, we observed that:

1. Serving remote rural geographies is resource intensive, as lender staff and support services need to spend more time to actively engage in rural deals. However, those lenders committed to serving these markets can do so by hiring originators willing to travel.
2. There has been increased competition in the 5 to 50 market, both from established players and from new entrants in the market. Many of those new entrants do not qualify for Fannie Mae’s Chapter 9 product, which can limit the attractiveness of a Fannie Mae’s execution for some.



4. There is uncertainty as to how and to what degree the economic environment, and interest rates specifically, will affect loan deliveries in the future. On the one hand, interest rate increases intuitively result in more challenging economics for borrowers and hinder the volume of deals available for financing. On the other hand, the reduction in sources of private debt might theoretically make Fannie Mae's products more attractive. One lender identified that non-metropolitan economies exhibit greater susceptibility to economic downturns, which could limit financing opportunities in the future. It will be informative to see how loan volumes, generally, and small rural loan volumes specifically, perform in 2023 and beyond.
5. Multiple lenders reiterated their appetite for continued meetings and training sessions on Duty to Serve goals, including helpful resources that might draw their attention to eligible deals within these markets.

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

Not applicable