



REQUEST FOR INPUT: FANNIE MAE AND FREDDIE MAC PROPOSED 2025-2027 DUTY TO SERVE PLANS

June 2024



Division of Housing Mission and Goals

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Introduction

The Federal Housing Finance Agency (FHFA) requests public input on all aspects of the proposed 2025-2027 Duty to Serve (DTS) Underserved Markets Plans (Plans) prepared by **Fannie Mae** and **Freddie Mac** (the Enterprises).

Background

The Housing and Economic Recovery Act of 2008 amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to establish a duty for the Enterprises to serve three specified underserved markets – manufactured housing, affordable housing preservation, and rural housing – by increasing the liquidity of mortgage investments and improving the distribution of investment capital available to facilitate a secondary market for residential financing for very low-, low-, and moderate-income families in those underserved markets.¹

FHFA’s DTS regulation, which implements the statutory provisions, requires the Enterprises to prepare Plans detailing the specific activities and objectives they plan to undertake to fulfill the DTS mandate.² The Enterprises establish baselines for each proposed loan purchase and investment objective based on a methodology using historical performance among other factors, and establish targets for those loan purchase and investment objectives. This request for input (RFI) seeks public input on activities and objectives proposed by the Enterprises to be implemented under their 2025-2027 DTS Plans. The DTS regulation requires FHFA to post proposed Plans on FHFA’s website as soon as practical after their submission to FHFA for review, with public input pursuant to the timeframe and procedures established by FHFA.³

Overview of Plan Development Process

The DTS regulation specifies that each Enterprise must submit a three-year Plan to FHFA describing the activities and objectives the Enterprise will undertake to serve each of the three underserved markets.⁴ The proposed Plans were due to FHFA on May 10, 2024, and revised Plans will be due in September 2024, after the conclusion of this 60-day public input period. FHFA expects to issue Non-Objections to the Enterprises’ revised Plans, where appropriate, by the end of 2024.

¹ 12 U.S.C. 4565.

² 12 CFR 1282.32.

³ 12 CFR 1282.32(g)(2), (g)(3)(ii).

⁴ 12 CFR 1282.32(a), 1282.32(b).



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Under FHFA’s DTS Evaluation Guidance, for an underserved market in a Plan to receive a Non-Objection, all of the following requirements must be satisfied:⁵

1. The concept score for each objective in the market over the three-year period of the Plan is 30 or higher.
2. Each Plan year contains a minimum number of activities that include at least one loan purchase objective, as set forth in Table 1:

Table 1. Minimum Number of Activities with at Least One Loan Purchase Objective

Underserved Market	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)
Manufactured Housing	2	2	2
Rural Housing	3	3	3
Affordable Housing Preservation ⁶	5	5	5

3. The Enterprise has demonstrated that it made good faith efforts to: (1) evaluate the public input received on its proposed Plan, (2) incorporate the input where appropriate, and (3) incorporate the formal comments that FHFA provided to the Enterprise on its proposed Plan.

In addition, each Enterprise must consider a minimum number of Statutory or Regulatory activities for each underserved market, as designated by FHFA in the Evaluation Guidance and set forth in Table 2.⁷ To “consider” an activity, an Enterprise must either include the activity and related objectives in its Plan, or explain the reasons it has chosen not to undertake the activity.

Table 2. Minimum Number of Statutory and Regulatory Activities Considered

Underserved Market	Minimum Number of Activities Considered
Manufactured Housing	4
Rural Housing	4
Affordable Housing Preservation	5

⁵ Evaluation Guidance 2024-7, p. 21. Available at: <https://www.fhfa.gov/sites/default/files/2024-05/Evaluation-Guidance-2024-7.pdf>

⁶ Evaluation Guidance 2024-7, p. 21. In the affordable housing preservation market, no more than two Statutory Activities may be included in this count. The remaining activities must be Regulatory Activities or Additional Activities.

⁷ Evaluation Guidance 2024-7, p. 8.



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Upon the issuance of a Non-Objection, FHFA will publish the final Plans on its public website, with any confidential and proprietary information omitted. Each Enterprise also will publish its final Plan on its public website.

Input Questions on the Proposed 2025-2027 Plan Activities and Objectives

FHFA requests input from all interested parties on the following questions to inform FHFA's review of each Enterprise's proposed 2025-2027 DTS Plan activities and objectives:

1. Do the proposed 2025-2027 activities and objectives address the most relevant obstacles to liquidity in the applicable underserved market?
2. Are the proposed objectives likely to increase liquidity in the applicable underserved market?
3. Is there other information that the Enterprises should supply in their expanded Strategic Priority Statements in their Plans for the rural housing market to provide an adequate basis for their strategies to address access to liquidity and other housing finance needs in all rural areas?
4. Are there other activities and objectives that the Enterprises should consider adding to their Plans for the rural housing market to address access to liquidity and other housing finance needs in all rural areas?
5. Are there other activities and objectives the Enterprises should consider adding to their Plans for the manufactured housing and affordable housing preservation markets to address access to liquidity and other housing finance needs in those markets?
6. Should the Enterprises adjust the methodology used to set loan purchase baselines for 2025-2027, given current market conditions including elevated interest rates?
7. Are there other market conditions that FHFA should consider when assessing the proposed activities and objectives?
8. Are there any safety and soundness concerns related to the proposed activities and objectives?
9. What additional information might be helpful in evaluating the proposed activities and objectives?

A unique identifier has been given to each proposed objective to identify it by Enterprise, applicable underserved market, activity, and objective number – e.g., FN_MH_RealProp_1. Please include this identifier in your response. Responses should be as specific as possible when referring to individual activities and objectives.



A. Proposed Objectives in Fannie Mae's 2025-2027 DTS Plan

Fannie Mae has submitted the following 35 objectives as part of its proposed 2025-2027 Plan:

Rural Housing

Activity A: Additional Activity: Support the rural housing market, as most broadly defined by the Regulation

- **FN_RH_Rural MF_1:** Develop a strategy to acquire multifamily loans in rural areas using programs specifically tailored for low- to moderate-income households.
- **FN_RH_Rural Renters_2:** Conduct research on conditions facing current and prospective renters in rural areas.
- **FN_RH_Rural Own_3:** Conduct research on conditions facing current and prospective homeowners in rural areas.
- **FN_RH_Rural CDFI_4:** Develop single-family requirements that enable rural community development financial institutions (CDFIs) to access secondary market liquidity more frequently.
- **FN_RH_Rural Heirs_5:** Deploy a strategy to increase mortgage opportunities for rural residents of heirs' property.

Activity B: Housing for High-needs Rural Regions (HNRRs)

- **FN_RH_HN Reg MF_1:** Increase liquidity in HNRRs through multifamily loan purchases.
- **FN_RH_HN Reg SF_2:** Acquire single-family purchase money mortgage (PMM) loans in HNRRs.
- **FN_RH_HN Reg Colonias_3:** Develop a strategy to increase single-family lending in colonias.

Activity C: Housing for High-needs Rural Populations

- **FN_RH_HN Pop MF TA_1:** Support farmworker and/or Native American housing projects.
- **FN_RH_HN Pop Tribal_2:** Acquire single-family loans made to tribal members living in Indian areas.

Activity D: Support small multifamily rental properties financing

- **FN_RH_Small MF Rental_1:** Support rural small multifamily rental property activity.



Activity E: Invest in Low-Income Housing Tax Credit (LIHTC) properties to facilitate the provision of affordable multifamily housing in rural areas

- **FN_RH_LIHTC Rural_1:** Invest in LIHTC properties in rural areas.

Manufactured Housing

Activity A: Support Manufactured Homes Titled as Real Property (MHRP)

- **FN_MH_Real Prop_1:** Acquire PMM loans secured by MHRP.
- **FN_MH_Real Prop Risk_2:** Expand adoption of conventional financing for manufactured homes by addressing risks of manufactured housing (MH) lending through product and process development.
- **FN_MH_Real Prop Fed_3:** Align product and engagement strategies with new, federally enabled market expansion opportunities.
- **FN_MH_Real Prop Co-op_4:** Advance MH co-op execution in markets that recognize homes on leased land as real estate.
- **FN_MH_Real Prop Stab_5:** Promote resident stability and improved loan performance through the development of a community of practice focused on secure tenancy in Manufactured Housing Communities (MHCs).
- **FN_MH_Real Prop Cost_6:** Pursue policy and industry engagement tactics that reduce the costs of MH homeownership and increase value to the consumer.

Activity B: Manufactured Housing Communities Owned by a Governmental Entity, Nonprofit Organization, or Residents

- **FN_MH_Comm Govt_1:** Increase purchases of loans on MHCs owned by government entities, nonprofit organizations, or residents.

Activity C: Manufactured Housing Communities with Certain Pad Lease Protections

- **FN_MH_Comm TPLP_1:** Finance MHCs incorporating Tenant Site Lease Protections (TSLPs).

Activity D: Additional MHC Activities

- **FN_MH_MHC Restrict_1:** Increase the purchase of MHC loans with affordability created by rent restrictions.

Affordable Housing Preservation

Activity A: The Project-based and Tenant-based Rental Assistance Housing Programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f



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- **FN_AHP_Sec 8_1:** Provide a steady source of capital and liquidity through the purchase of loans secured by Project-Based Section 8 properties.

Activity B: The Rural Rental Housing Program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485

- **FN_AHP_Sec 515_1:** Promote greater preservation of USDA Section 515 properties through loan purchases.
- **FN_AHP_Sec 515 TA_2:** Support technical assistance programs that facilitate the preservation of Section 515 properties.

Activity C: Low-Income Housing Tax Credits under Section 42 of the Internal Revenue Code of 1986, 26 U.S.C. § 42

- **FN_AHP_LIHTC Debt_1:** Increase liquidity to the LIHTC debt market by purchasing loans secured by LIHTC properties.

Activity D: Other Comparable State or Local Affordable Housing Programs

- **FN_AHP_State Local_1:** Purchase loans secured by properties under State or Local Affordable Housing Programs or Rental Assistance Demonstration (RAD).

Activity E: Finance improvements on multifamily properties: (a) which reduce energy or water consumption by tenant or property by at least 15%; and (b) where the savings generated over the improvement's expected life will exceed its cost.

- **FN_AHP_MF Energy_1:** Increase positive environmental and social impact of green financing through development of market awareness and understanding of energy and water efficiency improvements and financing.

Activity F: Energy or water efficiency improvements on single-family, first-lien properties that meet FHFA criteria.

- **FN_AHP_SF Energy_1:** Reduce homeowner utility costs through consumer tools, new programs, and loan products.
- **FN_AHP_SF Energy_2:** Increase the purchase of mortgage loans that finance energy and water improvements or refinance existing energy debt.

Activity G: Shared equity programs for affordable housing preservation

- **FN_AHP_Shared Equity_1:** Simplify the shared equity loan delivery process through the Shared Equity Program Platform (SEPP), Certified Shared Equity Program List (CSEP List), and promotion of model documents.



- **FN_AHP_Shared Equity_2:** Increase the purchase of mortgage loans that finance shared equity homes.

Activity H: Support the rehabilitation of single-family homes

- **FN_AHP_SF Rehab_1:** Increase or improve the quality of single-family homes through dedicated outreach and loan product development.

Activity I: Residential Economic Diversity (RED) Activity

- **FN_AHP_RED_1:** Purchase affordable loans to add liquidity to the market in FHFA-determined RED-eligible high-opportunity areas.

Activity J: Support disaster preparedness and weather resiliency

- **FN_AHP_Resiliency_1:** Support technical assistance (TA) programs that help prepare multifamily properties to adapt to weather-related risks or prepare for natural disasters.

Activity K: Additional affordable housing preservation activities

- **FN_AHP_MF SIA_1:** Purchase multifamily loans secured by properties with Sponsor-Initiated Affordability (SIA) restrictions.

B. Proposed Objectives in Freddie Mac's 2025-2027 DTS Plan

Freddie Mac has submitted the following 30 objectives as part of its proposed 2025-2027 Plan:

Manufactured Housing

Activity 1: Support for Manufactured Housing Titled as Real Property

- **FR_MH_Real Prop_A:** Purchase single-family loans secured by manufactured housing titled as real property.
- **FR_MH_Real Prop_B:** Design product flexibilities to facilitate the origination of mortgages secured by manufactured housing titled as real property.

Activity 2: Manufactured Housing Communities Owned by a Governmental Entity, Non-profit Organization, or Residents

- **FR_MH_Comm Govt_A:** Conduct outreach to support Resident-Owned, Non-Profit Owned and Government Instrumentality-Owned MHC loans.

Activity 3: Manufactured Housing Communities with Certain Pad Lease Protections

- **FR_MH_Comm TPLP_A:** Purchase loans that institute Duty to Serve Tenant Pad Lease Protections.



- **FR_MH_Comm MHC Restrict_B:** Preserve Manufactured Housing Community affordability through loan terms.

Rural Housing

Activity 1: Support for All Rural Areas

- **FR_RH_Rural SF_A:** Conduct outreach to deepen insights into the rural single-family housing landscape.
- **FR_RH_Rural Leadership_B:** Facilitate thought leadership related to housing and mortgage financing in rural communities.
- **FR_RH_Rural LIHTC Equity_C:** Engage in LIHTC equity investment in all rural areas.
- **FR_RH_Rural Dev Cap_D:** Establish and implement a rural developer capacity building program.
- **FR_RH_Rural MF ECB_E:** Enhance outreach to financial institutions and borrowers that serve rural areas through a multifamily emerging correspondent program and emerging borrower initiative.
- **FR_RH_Rural MF Guar_F:** Enhance rural multifamily liquidity by guaranteeing loans from rural lenders.

Activity 2: Support for High-Needs Rural Regions

- **FR_RH_HN Reg_A:** Purchase single-family loans in High-Needs Rural Regions.
- **FR_RH_HN Reg Dev Cap_B:** Facilitate rural developer capacity building to increase supply of single-family homes.
- **FR_RH_HN Reg Heirs_C:** Increase resources for resolving heirs' property rights.
- **FR_RH_HN Reg LIHTC_D:** Engage in LIHTC equity investment.

Activity 3: Support for High-Needs Rural Populations

- **FR_RH_HN Pop_A:** Purchase single-family loans to members of Federally Recognized Native Tribes in Tribal Areas.
- **FR_RH_HN Pop_B:** Develop product flexibilities to facilitate loan originations for members of Federally Recognized Native Tribes in Tribal Areas.
- **FR_RH_HN LIHTC_C:** Engage in LIHTC equity investment.

Activity 4: Financing by Small Financial Institutions of Rural Housing



- **FR_RH_Small Fin Inst_A:** Purchase loans from Small Financial Institutions serving rural regions.

Activity 5: Support for certified Community Development Financial Institutions serving the rural housing market

- **FR_RH_CDFI_A:** Design product flexibilities to facilitate origination of conventional mortgages from Community Development Financial Institutions.

Affordable Housing Preservation

Activity 1: Financing of Energy- and/or Water-Efficiency Improvements on Single-Family Properties: Regulatory Activity

- **FR_AHP_SF Energy_A:** Purchase single-family loans on energy-efficiency first-lien properties.
- **FR_AHP_SF Energy_B:** Develop tools to inform the financing of energy- and/or water-efficiency improvements on single-family homes.

Activity 2: Support for Shared Equity Programs for Affordable Housing Preservation

- **FR_AHP_Shared Eq_A:** Purchase single-family Shared Equity loans.
- **FR_AHP_Shared Eq CLT_B:** Provide technical assistance to establish community land trusts and facilitate origination of shared equity mortgages.

Activity 3: Low-Income Housing Tax Credits (Debt)

- **FR_AHP_LIHTC Debt_A:** Provide liquidity and stability through LIHTC loan purchases.
- **FR_AHP_LIHTC QC_B:** Examine the impact and use of the Qualified Contracts provisions in LIHTC transactions.

Activity 4: Section 8

- **FR_AHP_Sec 8_A:** Provide liquidity and stability through Section 8 loan purchases.

Activity 5: Support Residential Economic Diversity

- **FR_AHP_RED_A:** Purchase loans on properties that support residential economic diversity.

Activity 6: Comparable State and Local Affordable Housing Programs

- **FR_AHP_State Local_A:** Purchase loans with state and local programs.

Activity 7: Financing of Small Multifamily Rental Properties



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- **FR_AHP_MF Rental_A:** Enhance multifamily liquidity by aggregating and guaranteeing loans from multiple lenders.

Public Input Instructions

FHFA will accept public input on this request for input no later than **August 12, 2024**. FHFA invites input on all aspects of this RFI. Submissions will be posted to FHFA's public website at www.fhfa.gov, except as described below. Respondents should submit only information that the respondent wishes to make available publicly. FHFA may post only a single representative example of identical or substantially identical submissions, and in such cases will generally identify the number of identical or substantially identical submissions represented by the posted example. FHFA may, in its discretion, redact or refrain from posting all or any portion of any submission that contains content that is obscene, vulgar, profane, or threatens harm. All submissions, including those that are redacted or not posted, will be retained in their original form in FHFA's internal RFI file. Respondents that would like FHFA to consider any portion of their submission exempt from disclosure on the basis that it contains trade secrets, or financial, confidential or proprietary data or information, should follow the procedures in section IV.D. of FHFA's *Policy on Communications with Outside Parties in Connection with FHFA Rulemakings*, which FHFA is also applying to RFI submissions, see https://www.fhfa.gov/sites/default/files/documents/Ex-Parte-Communications-Public-Policy_3-5-19.pdf. FHFA cannot guarantee that such data or information, or the identity of the respondent, will remain confidential if disclosure is sought pursuant to an applicable statute or regulation. See 12 CFR 1202.8, 12 CFR 1214.2. and <https://www.fhfa.gov/about/foia-reference-guide> for additional information.

Submissions may be delivered by one of the following two ways:

(1) Submissions may be delivered by completing the public input form on our website at www.fhfa.gov/public-input/rfi-on-proposed-2025-2027-dts-plans;

or

(2) Addressed to Marcea Barringer, Supervisory Policy Analyst, Attention: Duty to Serve 2025-2027 RFI, Federal Housing Finance Agency, Ninth Floor, 400 Seventh Street, S.W., Washington, D.C. 20219. Please note that all mail sent to FHFA via U.S. Mail is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks. For any time-sensitive correspondence, please plan accordingly.

