

**2022**  
**Affordable Housing Preservation**  
**Loan Purchase**

**REGULATORY ACTIVITY:**

H. Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

**OBJECTIVE:**

2. Increase the purchase of mortgage loans that finance shared equity homes.

**INFEASIBILITY:**

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"/> Purchase 175 loans used to finance shared equity properties, which represents approximately a 13% increase from the baseline.	Fannie Mae purchased 180 shared equity loans, surpassing the baseline by 16%	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?**

Shared equity transactions represent a very small portion of housing finance transactions primarily because there are so few shared equity properties available for purchase. However, shared equity programs often provide coaching and financial assistance to homebuyers in addition to reducing the purchase price of homes, so shared equity is a very effective approach to creating and preserving affordable housing. Fannie Mae continues to make a significant effort to support the growth of this market through various activities, including:

- Lender outreach, including education and loan-by-loan reviews to properly account for shared equity loans.
- Practitioner outreach to acquire feedback on challenges and best practices to grow the market.
- Streamlining of the shared equity process, including the shared equity certification platform and model deed restriction.

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

Shared equity programs are particularly sensitive to interest rate increases. For example, a 5% interest rate that increases to 7.65% could cut purchase power by more than \$100,000 for a household of four at 80% area median income (AMI). In an environment where home values have not decreased by a proportional amount, shared equity programs must find more subsidies to fill the affordability gap for existing homes and homebuyers in their pipeline. Many public funding sources are not able to adjust their funding parameters quickly, resulting in underfunded shared equity programs. Combined with the small volume of shared equity properties available for purchase, increasing interest rates have the effect of dramatically reducing shared equity transactions.

In the second half of 2022, Fannie Mae experienced a reduction in shared equity loans, most likely due to the rising rate environment. [] Extensive outreach, particularly to lenders for education and loan-by-loan reviews, was another key activity by Fannie Mae to promote shared equity lending and help lenders properly identify shared equity transactions.

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

Not applicable



**Fannie Mae**  
**Affordable Housing Preservation**  
**First Quarter Report: January 1 - March 31, 2022**  
**Loan Purchase**

**ACTIVITY:**

H. Regulatory Activity: Shared equity programs for affordable housing preservation (12 C.F.R. § 1282.34 (d) (4)).

**OBJECTIVE:**

2. Increase the purchase of mortgage loans that finance shared equity homes.

**SUMMARY OF RESULTS:**

Through March 31, 2022, we have unofficially acquired 55 loans used to finance shared equity properties and are On Track to meet this target by year end.

Following are the 2022 Actions under this Objective:

Purchase 175 loans used to finance shared equity properties, which represents approximately a 13% increase from the baseline.

**SELF-ASSESSMENT RATING OF PROGRESS:**

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

**ADDITIONAL INFORMATION (IF APPLICABLE):**