

**2022  
Manufactured Housing  
Loan Purchase**

**REGULATORY ACTIVITY:**

A. Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

**OBJECTIVE:**

1. Acquire purchase money mortgage (PMM) loans secured by MHRP.

**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 type="checkbox"/> Purchase 10,000 loans for conventional manufactured housing, which represents a 5% increase over baseline.	Fannie Mae purchased 8,474 purchase-money manufactured home/housing (MH) loans eligible for Duty to Serve (DTS) credit in 2022—surpassing the baseline of 8,196 PMM loans but falling short of our stretch goal of 10,000 loans target.	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?

Fannie Mae purchased 8,474 purchase-money MH (PMM) loans eligible for DTS credit in 2022—surpassing the baseline of 8,196 PMM loans but falling short of our ambitious 10,000 loans target. In 2022, Fannie Mae's single-family business purchased 1,150,687 PMM loans in total, compared with 1,486,584 PMM loans in 2021. This represents a 22.6% year-over-year drop that reflects the challenging economic environment and provides the necessary context for this year's DTS performance. When comparing the reduction in overall purchase business to the reduction in DTS-eligible MH business, we note a comparatively smaller year-over-year volume decrease of 14.2%. This demonstrates that even in a down market, our proactive outreach and product development efforts led to many lenders maintaining a commitment to offering our MH products to consumers and to delivering these loans to Fannie Mae. As shown in the chart below, our loan purchase activity largely supported consumers aligned with our various mission-related goals.

2022 Deliveries	MH Income Breakout			Small Loan Balance		First-Time Homebuyer
	<=100 % AMI	>50 and <=80% AMI	<=50% AMI	Less than 150k UPB	Less than 250k UPB	
Total	8,474	4,349	1,963	3,094	6,272	4,570
Percentage	100%	51.3%	23.2%	36.5%	74.0%	53.9%

In 2022, 74.5 % of loans counted towards our MH loan purchase goal were made to low- or very low-income borrowers and supported our statutory Housing Goals loan purchase requirements, with 54% of the loans made to first-time homebuyers. Further, Fannie Mae purchased 6,337 refinance loans for MH made to consumers meeting the statutory income requirements for DTS. Rising interest rates in early 2022 prompted us to remove refinance loans from consideration for DTS credit in the 2022-2024 DTS plan for MH, as refinances are heavily dependent on a low-interest rate environment. While programmatically excluded from DTS credit, this loan purchase activity still highlights our ongoing investment in consumers living in MH through access to low-cost conventional financing.

Primary market mortgage lenders were challenged in 2022, which saw a dramatic reduction in origination volumes as rising interest rates and recession fears kept many consumers from pursuing mortgage financing. Still, this environment also encouraged lenders to consider offering new products, such as MH loans, which they previously had not prioritized. Our quarterly virtual MH product trainings attracted nearly 1,400 participants, more than double the number of attendees for our 2021 sessions. Growing interest amongst our lender customers led to increased interest from other key market stakeholders such as appraisers and mortgage insurers, for whom we have consistently offered product training as well. One such webinar training for one of our mortgage insurance providers attracted over 2,000 attendees. The level of engagement achieved through these outreach efforts indicates a growing interest in the product and highlights the need for ongoing engagement and training offered by members of a dedicated manufactured housing product staff.

As further evidence of the role that our product education and outreach play in facilitating loan purchases, we have continually monitored the number of new lenders delivering MH loans to Fannie Mae throughout the year. In 2022, lenders who delivered their first MH loan to Fannie Mae in 2021 contributed 814 loan deliveries towards our goal. An additional 431 loans were delivered by lenders who delivered their first MH loans to Fannie Mae in 2022. This equates to 1,245 loans delivered in 2022 by lenders who are new to conventional MH lending. Without consistent promotion of our MH products and dedicated training for lenders, it is likely that the current market environment would produce so few loans that we would be unable to meet both our baseline and targets for this Objective. Seventy-three single-family lenders delivered their first MH loans to Fannie Mae in 2022, including our largest single-family customer by annual delivery volume. Its product rollout followed a multiyear engagement process in which our account team and dedicated MH product staff answered questions and solicited feedback on our policies. This lender's sophistication in marketing its products to consumers should allow it to generate a good deal of additional business, which would be accretive to our loan purchase goal in future years.



We also made an effort to ensure MH loans would be included in various policy and eligibility updates conducted throughout 2022. Notably, we updated our existing eligibility criteria for loans in which no borrower has a credit score to include MH loans for consideration moving forward. Since DTS began in 2018, Fannie Mae has purchased over 3,000 loans meeting the DTS income requirements made to borrowers who had no traditional credit score. Expanding this eligibility to MH loans should allow us to serve the MH market more deeply in future years.

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

Most lenders who sought to engage with our single-width MH product noted that the age restriction would be an impediment to serving the market and would drive otherwise-eligible loans to other secondary market outlets. One such lender reported that it closed an estimated 120 single-width MH loans in 2021, all of which were sold elsewhere in the market due to its loan origination software being unable to capture the age of the unit during the application process. We made the decision to respond to these lender concerns by updating our Selling Guide policy for single-width MH loans to remove the age restriction on the product, which was reflected in our DTS Plan Modification, which added a loan product objective for single-width MH specifically.

Due to the current interest rate environment, many lenders are now exploring ways to offer affordable lending products and amortization options that have not been prevalent in several years, including temporary buydowns. In a temporary buydown, the effective interest rate that a borrower pays during the early years of the mortgage is reduced as a result of the deposit of a lump sum of money (sometimes called a “subsidy”) into a buydown account, a portion of which is released each month to reduce the borrower's payments. Currently, Fannie Mae does not permit temporary rate buydowns for certain product types, including MH, and received feedback from dedicated MH lenders on this topic. We will explore this feedback in 2023 and address it through a product enhancement, if appropriate.

Several lenders expressed an interest in delivering loans secured by MH sited on leased land. While Fannie Mae will finance MH subject to a leasehold estate in established condo or planned unit development projects approved through its Project Eligibility Review Service, very little of this business has been delivered to Fannie Mae. Engaging with community developers interested in developing leasehold communities and ensuring lenders can originate a conventional Fannie Mae mortgage for these homes has the potential to unlock planning approvals across the country while giving lenders and consumers the certainty of land tenure and security offered by a long-term lease agreement. Objective #2 in our MH Duty to Serve plan includes efforts to expand our support of MH on leased and cooperatively owned land through product development and outreach.

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

Elevated mortgage interest rates, historically high home prices, and a slowing economy presented significant challenges for Fannie Mae's Single Family loan purchase activity in 2022. While we remain committed to serving the manufactured housing market through loan purchase activity under the Duty to Serve plan, we project that the challenges noted above will persist in the coming years.





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

**ACTIVITY:**

A. Regulatory Activity: Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

**OBJECTIVE:**

1. Acquire purchase money mortgage (PMM) loans secured by MHRP.

**SUMMARY OF RESULTS:**

Through March 31, 2022, Fannie Mae purchased 2,042 purchase-money MH loans eligible for Duty to Serve. Throughout the course of our outreach, our lender customers have noted that significant market headwinds, such as rising interest rates and inflationary pressures from global supply chain issues and lack of housing inventory, have impacted their origination volumes across all product types and should continue to affect their ability to serve underserved borrowers. Given the volatility in the current macroeconomic environment, we are projecting difficulty in meeting our ambitious goal of 10,000 MH loans.

Following are the 2022 Actions under this Objective:

- Purchase 10,000 loans for conventional manufactured housing, which represents approximately a 22% increase over baseline.

**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):**



## Manufactured Housing Second Quarter Report: April 1 - June 30, 2022 Loan Purchase

### ACTIVITY:

- A. Regulatory Activity: Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

### OBJECTIVE:

1. Acquire purchase money mortgage (PMM) loans secured by MHRP.

### SUMMARY OF PROGRESS:

As of June 30<sup>th</sup>, 2022, Fannie Mae has purchased 4,140 purchase-money MH loans eligible for Duty to Serve credit. While the heightened interest rate environment in the first half of the year is proving to generate additional interest in purchase-money lending from our lender customers, it is also proving to have a detrimental effect on potential homebuyer sentiment due to the negative impact on affordability.

While internal estimates project with some confidence that we will meet our baseline of 8,196 loans, we are projecting difficulty in meeting our aggressive target of 10,000 loans.

### FOLLOWING ARE THE 2022 ACTIONS UNDER THIS OBJECTIVE:

- Purchase 10,000 loans for conventional manufactured housing, which represents a 22% increase over 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):

Year-over-year, the Consumer Price Index (CPI) has increased by 9.1% through June, dampening consumer sentiment and spending. As the Federal Reserve continues to raise rates to combat inflation, we do expect home sales to continue to slow and our loan purchases to dwindle as a result.



## **Manufactured Housing Third Quarter Report: July 1 – September 30, 2022 Loan Purchase**

### **ACTIVITY:**

A. Regulatory Activity: Support manufactured homes titled as real property (MHRP) (12 C.F.R. § 1282.33 (c) (1)).

### **OBJECTIVE:**

1. Acquire purchase money mortgage (PMM) loans secured by MHRP.

### **SUMMARY OF PROGRESS:**

As of September 30<sup>th</sup>, 2022, Fannie Mae has purchased 6,841 purchase-money MH loans eligible for Duty to Serve credit.

The exacerbated rate environment in 2022 has had the dual effect of encouraging lender interest in new product offerings that may help them earn additional income, such as manufactured housing loans, while also generally reducing lender profitability and capacity. The resulting market environment is one in which many lenders have originated and delivered fewer MH loans to Fannie Mae than in prior years.

Despite this market reality, we are encouraged that several lenders who are relatively new to delivering manufactured housing loans to Fannie Mae have made significant contributions towards this goal in 2022. Through Q3 2022, lenders who delivered their first manufactured housing loan to Fannie Mae in 2021 have contributed almost 700 loans towards our goal in 2022. An additional 267 loans have been delivered by lenders who delivered their first MH loans to Fannie Mae in 2022. This is almost 1,000 loans delivered by lenders who are new to manufactured housing lending. Without our consistent promotion of our MH products and dedicated training for lenders, it is likely that the current market environment would produce so few loans that we would be unable to meet both our baseline and targets for this Objective.

While internal estimates project with some confidence that we will meet our baseline of 8,196 loans, we are projecting difficulty in meeting our aggressive target of 10,000 loans.



**Manufactured Housing**  
**Third Quarter Report: July 1 – September 30, 2022**  
**Loan Purchase**

Following are the 2022 Actions under this Objective:

- Purchase 10,000 loans for conventional manufactured housing, which represents approximately a 22% increase over baseline.

**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):**