

**2023
Manufactured Housing
Loan Product**

ACTIVITY:

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

OBJECTIVE:

8. Incentivize the construction of energy-efficient manufactured homes by developing new program and securitization standards.

SUMMARY OF RESULTS:

<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"/> Fannie Mae will take steps to broaden its existing green bond eligibility framework to include loans secured by manufactured homes by undertaking the following tactics.	Target met through 2023 actions; see subsequent implementation steps.	
<input checked="" type="checkbox"/> Work with a third-party to develop analysis comparing established industry-standard green building certifications for manufactured homes across established industry metrics for assessing property performance.	Fannie Mae partnered with a consultant with years of experience in assessing green building certifications and residential home energy efficiency and performance to develop an analysis specific to manufactured homes.	
<input checked="" type="checkbox"/> Use this analysis to inform a determination of the appropriate green building certification standards for manufactured homes included in "Green" MBS.	After the completion of the manufactured housing (MH) green building certification analysis noted above, Fannie Mae developed programmatic standards upon which future "Green" Bond securitizations will be based.	
<input checked="" type="checkbox"/> Develop partnership with at least one third-party EPA-recognized quality assurance provider to establish process for collecting data on manufactured homes constructed to identified green building certification standards.	Fannie Mae engaged with multiple quality assurance (QA) providers active in collecting data for existing green building certification programs to develop processes for obtaining data in accordance with the expectations established under our existing Single-Family Green Bonds Framework.	



<input checked="" type="checkbox"/> Introduce a process enhancement to incorporate manufactured housing collateral data into the loan securitization process, ensuring effective disclosure of property-specific energy-efficiency data.	Fannie Mae began collecting data from one of the QA providers referenced above to support the inclusion of MH loans in its “Green” Mortgage-Backed Security (MBS).	
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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?

Although Fannie Mae is committed to providing liquidity for all manufactured homes meeting its *Selling Guide* criteria, the HUD code has not been updated to explicitly address energy efficiency standards for manufactured homes since 1994. Despite progress being made toward a new national energy efficiency standard for manufactured homes promulgated by the Department of Energy, the final rulemaking has been delayed as consumer advocates and industry proponents have largely disagreed on the need to establish more rigorous energy standards for new MH units. The primary point of contention is the affordability of MH when compared to other types of construction and the belief that some of the cost savings demonstrated with a lower purchase price are subsequently eroded when energy inefficiencies lead to higher energy costs or, in extreme cases, health and safety hazards. Increasing the baseline energy efficiency standards for new MH will generally increase the first cost borne by low- and moderate-income consumers when purchasing these newly constructed MH units, which is an untenable policy outcome for some manufactured home dealers and manufacturers. Despite these public policy challenges at the national level, Fannie Mae believes that a portion of today’s homebuyers are willing to invest in manufactured homes meeting energy efficiency standards beyond those outlined in the basic HUD code, and we are committed to facilitating a more liquid marketplace for loans secured by homes built to these green building certification standards.

The work undertaken this year to broaden our Single-Family Green Bond Framework to account for MH loans will have a demonstrable impact on homebuyers choosing to purchase these energy-efficient homes, largely by bringing institutional expertise and developing a third-party verification process in the market for securities comprised of loans secured by energy-efficient manufactured homes. Fannie Mae’s Single-Family Green Bond Framework relies on green building certifications that have stringent requirements as to what constitutes an energy-efficient residence. Further, it will require independent validation of the certifications; extending the rigor of this program to include manufactured home loans will improve the public perception of MH among lenders and investors alike, thereby facilitating more liquidity to the marketplace. Since the launch of the current



Green Bonds Framework in April 2020 through September 30, 2023, Fannie Mae has issued more than \$3.3 billion of Single-Family Green MBS.

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

The community of practice focused on improving energy efficiency for manufactured home residents is largely focused on retrofitting older homes, many of which were produced prior to the institution of the HUD code in 1976. For these homeowners, a loan product is likely not the best solution, particularly as markets with significant concentration of older MH often offer grant programs with funds to help retrofit or replace older units. And while federal agencies and regional organizations have developed and marketed green building certifications for new manufactured homes for many years, adoption of these products has largely been constrained to the Northwest with the success of the Northwest Energy-Efficient Manufactured Housing Program (NEEM). However, national manufacturers like Clayton are recognizing the opportunity to broaden their customer base by planning to design all their homes to meet the Department of Energy’s Zero Energy Ready program standards beginning in 2024. Therefore, there is a renewed focus on the opportunity to improve the perception of MH by touting its energy efficiency.

The policy landscape mentioned above is emblematic of the role that MH plays in our nation’s housing system. On the one hand, manufactured homes are comparatively affordable to other types of housing construction, and this affordability comes without government support or subsidy. On the other hand, the affordability of MH often comes at the expense of other social outcomes, including arguably worse energy efficiency performance. Given these challenges, there are a few strategies that Fannie Mae can pursue to advance its Duty to Serve for the MH market that have broad support from the industry. Our strategy will be to continue to develop concepts that help to improve the perception of MH and increase its likelihood of being adopted as a viable source of affordable housing in markets across the country.

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

N/A