


Fannie Mae

# Equitable Housing Finance Plan

## 2025 – 2027



# Table of Contents

The symbol above and within the Plan denotes actions that were directly informed by community engagement and feedback.

# Introduction

In our first Equitable Housing Finance Plan, launched in 2022, Fannie Mae laid out a vision for how our company would play a more active and forceful role in addressing many barriers at the heart of long-lasting disparities in homeownership, housing access, and stability — disparities that often fall along racial and ethnic divides. It was a vision informed by a clear-eyed view of history but rooted in our charter and purpose. Since 2022, our work to create a more equitable housing finance system has become a central pillar of our corporate strategic plan and long-term business strategies.

Contained in this document is Fannie Mae's second three-year Equitable Housing Finance Plan ("the Plan"), which covers the years 2025 to 2027. The new Plan represents an evolution from our previous efforts, building on the lessons learned in the implementation of the initial Plan. It contains many of the same initiatives to tackle some of the toughest and most complex housing barriers — initiatives that we are expanding or scaling in this next three-year Plan. This level of continuity with our previous Plan is a recognition that these are challenging, long-term barriers that will require creative, long-term efforts to solve. This new Plan also includes several recently launched initiatives, including innovations that are designed to help current and future homeowners and renters overcome common shared obstacles.

While our Plan has evolved, our goal remains the same: Advance greater equity and stability in the U.S. housing finance system, its practices, and its outcomes.

Fannie Mae's housing equity and stability strategies continue to be rooted in the Consumer Housing Journey. The Journey is a collection of consumer-centered research that describes common barriers that people face on their housing journey, from preparing to rent or own, to securing that home, maintaining it, then selling or moving out of it. It is a well-worn journey that most seasoned homeowners, first-time homebuyers, and renters will recognize. However, some of the barriers on that journey are experienced more often, and more acutely, by historically underserved consumers. Fannie Mae's theory of change for this next three-year Equitable Housing Finance Plan is therefore straightforward: By focusing on barriers that disproportionately fall on historically underserved communities, we can begin to reduce disparities in homeownership and other forms of long-term sustainable housing access.

## Driving awareness and engagement to expand our impact

We will continue to leverage an integrated multi-channel approach to promote actions in the Plan and engage with the housing industry ecosystem, especially related to actions that expand or build on existing activities or initiatives. Our approach is designed to improve access to the tools and solutions described in this Plan for the consumers who will benefit the most from them. Importantly, we will drive awareness of our Plan commitments and solutions with a broad range of community and housing industry stakeholders and enable outreach in specific communities to help overcome barriers to equitable housing finance.

These efforts generally fall in one or more of four categories.

**Engagement with lenders, seller/servicers, and technology service providers.** Both our Single-Family and Multifamily businesses have dedicated lender and partner engagement teams whose responsibilities include driving awareness, understanding, and adoption of specific lender-driven actions within this Plan.

**Marketing outreach.** Fannie Mae regularly uses traditional marketing channels to reach targeted audiences to increase awareness, demand, and utilization of its products or tools primarily, though not exclusively, with mortgage lenders, servicers, real estate professionals, and housing counseling agencies. The channels we used most often include Fannie Mae's website, digital newsletters, email, webinars, and social media as well as external digital advertising and presences at industry conferences and events. These marketing approaches have been successfully used to promote positive rent payment history services in Multifamily and Single-Family, HomeReady® First mortgages, our HomeView® online homeownership education curriculum, and appraisal valuation alternatives.

**Community and housing industry partner engagement.** Fannie Mae regularly promotes activities within this Plan with national and local housing industry partners, including professional associations, consumer/housing advocacy organizations, researchers, housing counselors, and others. A key focus of this work is to bolster our engagements with trusted advisors, such as real estate professionals and housing counseling agencies, who are able to directly advise consumers about initiatives that could help them become successful homeowners and renters.

**Public engagement.** Fannie Mae representatives regularly participate in or lead public engagements designed to build awareness of the Plan and its actions. These activities could include speeches, podcasts and other live or virtual presentations, panel discussions, or small-group briefings. Many of these engagements are available to, and attended by, consumers or other interested community stakeholders who attend, for instance, homeownership fairs or expos. Fannie Mae has curated a group of employees who, in addition to their normal duties, act as ambassadors who appear regularly before community and industry groups to drive awareness of the Plan's actions and to solicit feedback.

Each action's outreach and engagement activities are highly tailored and measurable and can change over time with market conditions, real-time result optimization, or as new opportunities arise. However, nearly all the actions in this Plan will include at least some measure of the above tactics as tools for accomplishing an action's goals. Another common theme will be a focus on geography: Many of our efforts will be specifically tailored to reach markets with higher concentrations of consumers who could benefit most from the tools and solutions we offer. Lastly, where appropriate, Fannie Mae will provide action-specific details of these promotional activities in our annual Equitable Housing Finance Plan Performance Reports, which will be published in 2026, 2027, and 2028.

## How this Plan is organized

The actions in this Plan are organized around four key housing barriers that are experienced by all, but more often and more acutely by the consumers historically underserved by the housing finance industry who are the focus of our efforts. Those four barriers are:

**Burdensome up-front housing costs**

**Lack of financial resilience**

**Limited credit history**

**Lack of property resilience**

Most actions in this Plan align directly or indirectly to one of these barriers. In the following pages, we describe the specific barrier relevant to each action, how we will measure our progress, and our intended outcomes against these actions. We will measure this Plan's overall progress by how many people we help overcome the barriers we describe in this Plan.

The Plan also includes actions that, while not directly tied to one of the above barriers, are nevertheless designed to broadly enable a more equitable housing finance system.

This Plan focuses on barriers that Fannie Mae, given its unique position in the housing finance system, is optimally positioned to address at scale. For instance, long-standing market and macroeconomic challenges, including the lack of affordable housing supply, fall largely outside the Plan's scope. However, the actions in this Plan are designed to lay the infrastructure for a more equitable housing finance system across housing and market cycles and focus on efforts where Fannie Mae can have the most impact on that infrastructure.

Lastly, this Plan is the work of many authors, including community stakeholders who have become our partners in designing and adapting our housing equity and stability efforts over many years. These stakeholders represent a broad cross section of the housing ecosystem, including trusted advisors, who have a direct hand in addressing housing inequities and stability in neighborhoods across the United States. Fannie Mae's stakeholder engagement efforts, and how these discussions informed this three-year Plan, are detailed in the "Stakeholder Engagement and This Plan" section of this document.

Our deepest appreciation goes out to the hundreds of Fannie Mae employees and housing industry stakeholders who contributed to the creation of this Plan and who will continue to be instrumental in advancing this important work over the next three years.

Have feedback or suggestions on the 2025 – 2027 Equitable Housing Finance Plan?

**Provide it here**

*This Equitable Housing Finance Plan is the first to be prepared by Fannie Mae under the new Fair Lending, Fair Housing, and Equitable Housing Finance Plans final rule (12 C.F.R. §1293.22), which codifies existing duties and statutory obligations for Fannie Mae and Freddie Mac to engage in equitable housing finance planning and to take meaningful actions to promote sustainable housing opportunities for underserved communities. Consistent with the new rule, it describes the barriers faced by one or more underserved communities that we will seek to address during 2025 – 2027, the years covering this Plan. It establishes our objectives, the actions we plan to take to accomplish those objectives, and provides specific, measurable, and time-bound goals for each action. Note that the implementation of actions may be subject to change based on certain factors over the three-year period, including housing market and economic conditions (nationally and regionally) and the supply of affordable rental housing and homes for sale.*

*The Plan was developed following extensive public consultation with community stakeholders and other organizations across the housing industry. Feedback from those consultations is included in this Plan. We may update the Plan in 2026 and 2027 as needed, and after ongoing engagement with community and other housing industry stakeholders after publication of the Plan.*

# The 2025 – 2027 Equitable Housing Finance Plan

# Alleviating burdensome up-front costs of housing

Purchasing a home for the first time requires cash — cash that must be saved, gifted, or raised through some other means — for a down payment and, often, the myriad fees or other transaction costs associated with purchasing real estate. All homebuyers confront these up-front costs, but the burdens fall especially hard on families from historically underserved communities and on first-time or first-generation homebuyers. Mustering the cash to pay these costs can deplete savings and cash reserves, further strapping these new homeowners should a repair be needed or if they have a disruption in income.

Renters also incur up-front costs such as security deposits, applications, and set-up fees that can place a significant strain on households, especially those with limited financial resources. In a 2023 survey of renters commissioned by Fannie Mae, all groups of historically underserved renters were more likely to say that up-front costs were a challenge. Further, 14% of Asian renters, 13% of Latino consumers, and 11% of Black renters said that up-front rental costs were unexpected, compared with 5% of white renters. A Zillow Group report in 2019 showed that 84% of Asian renters and 73% of Latino and Black renters pay a renter application fee, compared with 56% of white renters.

These expenses often require substantial outlays of cash before renters even move into a new home, making it difficult to secure stable housing. Additionally, high up-front costs can limit access to affordable rental housing options in high-opportunity neighborhoods,[1] particularly in high-cost and competitive rental markets.

1 Generally defined as areas that offer residents a high level of economic opportunity and mobility, with generally better economic, environmental, and educational outcomes.

Exclusion in previous generations of families — from traditional modes of housing finance, from high-opportunity neighborhoods, from infrastructure investments, and from various other means of accumulating wealth — is a significant contributor to sharp disparities in the family assets and savings that many first-time homebuyers and renters need to pay the up-front costs of securing a home.

Data from the Consumer Housing Journey tell the story best. For instance, while income and assets of prime-homebuying-aged renters have been increasing since 2010, they are consistently lower for households headed by Black, Latino, Native American, Asian, and Native Hawaiian/Pacific Islander consumers. In 2019, the median household income of Black renters aged 25 – 44 was roughly two-thirds that of white renters, and median liquid assets (short-term savings) were roughly one-third those of white renters. Fannie Mae found in a 2021 closing costs study that 21% of Black low-income homebuyers, and 19% of white Hispanic low-income homebuyers, paid closing costs equal to or greater than their down payment, compared with 6% and 14% of Asian and white non-Hispanic low-income homebuyers, respectively. According to the Federal Reserve Board's 2019 Survey of Consumer Finances, 72% of white families report they could get $3,000 from family or friends, compared to 58% of Hispanic families and 41% of Black families.

In community and stakeholder feedback sessions held in preparation for this Plan, Fannie Mae consistently heard — especially from housing practitioners who work with or counsel renters and prospective first-time and first-generation homebuyers — that the availability of support systems should grow to meet the needs of consumers who can afford a monthly housing payment but cannot afford the up-front costs of obtaining that housing. Stakeholders suggested that down payment assistance programs should be more available and easier for consumers, lenders, and borrowers to use.

Fannie Mae believes that reducing the often-burdensome up-front costs of housing can be a powerful tool to address housing disparities that often fall along racial or ethnic lines. The comprehensive set of actions in this segment of our Plan is designed to bring secondary-market-driven solutions that can be delivered at scale in the primary market in a consumer-centered way.

# Objective:

## Reduce up-front cost burdens for homebuyers (particularly first-time and first-generation homebuyers) and renters from historically underserved communities

**BARRIER:**

Lack of funds to cover home purchase down payments, closing costs, or renter security deposits

## ACTION #1:
## Provide liquidity for mortgages with down payment assistance

Down payment assistance programs have become a widely used solution for one of the most commonly experienced barriers to achieving homeownership in historically underserved communities: the relative lack of familial or personal wealth and savings necessary to purchase a home for the first time with a conventional mortgage.

This action seeks to help narrow homeownership gaps in underserved communities, including majority-minority communities, by enabling sustainable, durable loan products that help creditworthy first-time homebuyers overcome up-front cost barriers to homeownership. This action encompasses a two-part approach to supporting mortgage products with down payment and closing cost assistance, many of which, but not all, utilize special purpose credit programs (SPCPs) to address this barrier for borrowers from historically underserved communities.

### HomeReady® First

Fannie Mae launched HomeReady First in 2022. This loan product enables select lenders to provide Fannie Mae-funded down payment and/or closing cost assistance — assistance that can be augmented with lender-contributed funds or assistance from other public or private sources. Eligible borrowers must reside in a majority Black, majority Latino, or majority combined Black and Latino census tract in one of 21 metropolitan statistical areas at the time of their mortgage application. Homes purchased using HomeReady First loans can be anywhere in the U.S. a borrower chooses.

Fannie Mae's focus for HomeReady First has been, and will continue to be, serving borrowers from historically underserved communities and directing the most financial benefit possible to help members of these communities achieve homeownership. In each year of this Plan, our goal is that at least 70% of HomeReady First borrowers self-identify as a member of a historically underserved group.

In this three-year Plan, Fannie Mae will also explore HomeReady First availability in census tracts with significant Native American/Alaskan Native populations.

## Lender-sponsored down payment assistance mortgages

Interest in down payment assistance programs across the mortgage landscape has continued to grow, particularly in those associated with SPCPs. Numerous industry participants have deployed, or are actively developing, their own SPCPs with outcomes and in communities similar to our HomeReady First product. In this three-year Plan, Fannie Mae will continue to streamline the process for lenders to develop and deploy lender-sponsored SPCPs as loans that can be sold to Fannie Mae.

## GOAL

Subject to market conditions, Fannie Mae will continue to make **SPCP loan acquisitions in each year of the Plan**:

**2025:** 20,000 **2026:** 22,000 **2027:** 24,000

**INTENDED OUTCOME:**

An established and durable source of liquidity for special purpose credit programs and other mortgage products designed to help historically underserved borrowers overcome barriers to homeownership.

## ACTION #2:
## Promote down payment assistance awareness and standardization (New)

Fannie Mae regularly acquires mortgages that have some form of institutional down payment assistance (DPA). However, both lenders and other housing industry stakeholders, including many housing finance agencies (HFAs) and real estate professionals, have consistently told Fannie Mae that more needs to be done to communicate the availability of existing DPA programs and that the loans need to be easier to underwrite and deliver into the secondary market.

As part of this action, Fannie Mae will explore and implement opportunities via a multi-pronged effort to enhance awareness of and increase access to DPA programs, particularly those offered by housing finance agencies. This includes working with a diverse group of external industry stakeholders along three tracks:

- Continuing to work with Freddie Mac to develop and roll out standardized subordinate lien legal documents and gain HFA adoption.
- Increasing DPA awareness with new educational content on HomeView® and leveraging Fannie Mae's Down Payment Assistance Tool as a resource.
- Continuing industry outreach to create greater awareness and utilization of HFA Preferred™/ HomeReady®, loan products that complement existing DPA programs from HFAs and community development financial institutions.

### GOAL

Increase **acquisitions of loans** with down payment assistance, inclusive of HomeReady First loans, lender-sponsored SPCP loans that have down-payment assistance, loans with down payment assistance in the form of grants, and loans with Community Seconds:

**2025:** 61,000 **2026:** 73,000 **2027:** 82,000

### INTENDED OUTCOME:
More widespread consumer and lender awareness and use of DPA programs.

## ACTION #3:
## Promote first-generation homebuyer lending

For members of underserved communities, the inability to pass down generational wealth has often been one of the greatest barriers to homeownership. Earlier generations that were denied equitable opportunities at homeownership, such as families who resided in formerly redlined areas, are often unable to pass along wealth to younger generations or help children or grandchildren with a down payment. Some families affected by this legacy had never owned a home in previous generations, or the homes they owned had not appreciated in value over time to the same degree as homes in non-redlined areas.

In 2023 and 2024, Fannie Mae worked with a broad cross section of stakeholders, including Urban Institute, National Fair Housing Alliance, the Center for Responsible Lending, Freddie Mac, and a coalition of state housing finance agencies to develop a common, conventional market definition of a first-generation homebuyer. We will continue to collaborate with industry stakeholders to refine the definition, with the goal of arriving on a definition that can be implemented as broadly as possible, and drive market adoption.

We will continue to provide liquidity to existing and new first-generation homebuyer programs. HFAs have traditionally been a significant source of lending for low-income first-time and first-generation homebuyers. As local market needs change, many HFAs have sought to play a more active part in addressing homeownership disparities with down payment assistance and other forms of mortgage lending that focuses on first-generation homebuyers. However, the availability of HFA first-generation homebuyer programs is highly dependent on state and local funding for such programs.

### GOAL

Increase **acquisitions of loans** to first-generation borrowers:

**2025:** 1,500 **2026:** 1,800 **2027:** 2,000

### INTENDED OUTCOME:
Increased access to liquidity that enables mortgage finance to first-generation, first-time homebuyers.

## ACTION #4:
## Modernize the valuation process

Valuation modernization is an important component of a more equitable property valuation process for consumers, including consumers from historically underserved groups. The more home valuations are accurate, fair, and affordable, the more historically underserved consumers will have equitable access to homeownership and the wealth it helps create.

Fannie Mae's Valuation Modernization Plan incorporates data analysis, technology, quality control, industry and consumer advocate engagements, and policy to modernize the valuation process to reduce both costs and the potential for appraisal bias. Several of its cost-saving initiatives are permanent features of our *Selling Guide*, such as value acceptance (appraisal waivers) and value acceptance + property data, and their utilization has grown as more lenders adopt the technology and data features that are at the heart of this action.

The key to achieving the goal of this action is expanding the potential pool of loans eligible for lower-cost appraisal alternatives so that more homebuyers, including those who have been historically underserved, are able to access the cost savings associated with valuation modernization. For example, we will explore increasing the loan-to-value limit on loans eligible for alternative valuation methods. Homebuyers who self-identify as members of a historically underserved group, including Black and Latino homebuyers, often exhibit higher cumulative loan-to-value ratios at the time of purchase[2] due to a number of factors, such as lower family wealth, which often results in smaller down payments. Fannie Mae will continue to explore approaches to increase the use of appraisal alternatives used by borrowers who self-identify as a member of a historically underserved group.

We will also work to increase adoption among lenders through ongoing improvements that focus on increasing the operational efficiency of implementing these alternatives in the lending process.

### GOAL

Increase the **number of loans acquired** that use alternatives to traditional appraisals:

**2025:** 175,000 **2026:** 200,000 **2027:** 231,000

### INTENDED OUTCOME:

Expanded access to lower-cost appraisal alternatives for consumers, including those from historically underserved communities, through enhancements to our policies and greater adoption by lenders.

2 urban.org/sites/default/files/2024-06/Barriers_to_Accessing_Mortgage_Credit.pdf

▶▶ Objective: Reduce up-front cost burdens for homebuyers and renters

## ACTION #5:
## Pilot title insurance alternatives

As noted above, closing costs, including the cost of paying for lender title insurance, fall especially hard on underserved consumers, particularly first-time and first-generation homebuyers. Fannie Mae intends to launch a Title Acceptance pilot with the purpose of reducing closing costs for borrowers by waiving the requirement for lender title insurance on certain refinance transactions that represent lower risk of title issues. We estimate that the Title Acceptance pilot can reduce borrower cost of lender title insurance by $500 to $1,500 per loan. We intend to have at least 10 mortgage lenders participate during its 18-month duration. After the pilot's conclusion in 2026, we will evaluate further use cases for Title Acceptance, including the possibility of using it in home purchase transactions.

### GOALS

**1. Launch** Title Acceptance pilot in 2025, enrolling at least 10 lenders.

**2.** Achieve average **borrower savings** of at least $500 per loan within the pilot.

**3. Loans acquired** during the pilot:

**2025:** 5,000 loans

**2026:** 10,000 loans

### INTENDED OUTCOME:

Lenders have the ability to offer lower-cost alternatives for borrower-paid lender title insurance.

## ACTION #6:
## Expand the use of attorney opinion letters

Fannie Mae continues to identify opportunities to alleviate closing cost burdens — burdens that are relatively higher for homebuyers and homeowners from historically underserved communities. In April 2022, Fannie Mae updated our *Selling Guide* to permit lenders to obtain either a lender title insurance policy or, in some circumstances, an attorney opinion letter (AOL). In 2023, Fannie Mae made a subsequent update to the *Selling Guide* to expand loan eligibility for AOLs to allow usage on condos and properties with restrictive covenants (those with homeowners associations and planned unit developments). Fannie Mae believes AOLs can reduce closing costs for borrowers — particularly benefiting those borrowers who bear a disproportionately high closing cost burden, such as first-time or first-generation homebuyers — while responsibly managing risk for Fannie Mae. As of August 2024, six lenders have used AOLs in lieu of lender title insurance, most frequently used in refinance transactions. We continue to monitor loans acquired with an AOL to measure and evaluate potential cost savings impact to borrowers.

### GOAL

Increase the **number of loans acquired** where borrowers use attorney opinion letters:

**2025:** 2,000 **2026:** 4,000 **2027:** 6,000

### INTENDED OUTCOME:

More historically underserved borrowers will benefit from the lower cost of AOLs as compared to traditional lender title insurance options.

## ACTION #7:
## Affordable housing security deposit research study

Security deposits present a major barrier for renters' ability to obtain rental housing, and the inability to afford a security deposit can have multiple ripple effects on housing stability over time. Fannie Mae has embarked on a three-year research study to analyze the impact to renters and property operations when a property owner does not collect a security deposit.

Property owners in this study return or adjust security deposits for current renters who opt in, and security deposits will not be required for future renters. The study involves approximately 95 restricted-income properties across the United States (covering 15,000 units) that are located in predominantly majority-minority census tracts. New York University's Furman Center is conducting the study, which will examine the effects of not collecting security deposits on both renter behavior and property performance.

### GOALS

**1. Continue research** study in 2025 and 2026.

**2. Complete research** study in 2027 and evaluate potential for publishing results.

### INTENDED OUTCOME:
Understand the viability and effectiveness of security deposit reduction, particularly as it relates to the potential beneficial impact for historically underserved consumers, and explore potential use cases for affordable multifamily properties.

Have feedback or suggestions on the
2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Addressing limited credit history

Establishing a positive credit history can be like having a key that opens a door. On the other side of the door is a place where one can use a credit history to secure employment, borrow money against future income or an asset (such as a home), and use that ability to grow wealth. In part because of the history of inequitable access to (or outright exclusion from) traditional financial services and mortgage lending, members of some racial or ethnic groups disproportionately lack this key to borrowing and wealth creation. Such consumers can be relegated to a netherworld of high-cost (often predatory) borrowing and are often unable to access traditional modes of housing finance. Fannie Mae has worked in recent years to build a bridge for these consumers, creating new paths to a conventional mortgage that has proven to be a powerful tool for wealth-building for generations.

According to the Federal Deposit Insurance Corp., across all income levels a larger share of Black and Latino households was "unbanked" or under-banked compared to white households, which may be a strong contributing factor to a lower or non-existent credit score. A 2015 CFPB study estimated that about 15% of Black and Hispanic consumers, compared with 9% of white and Asian consumers, were credit invisible. A 2017 CFPB study estimated that nearly 30% of adults in low-income census tracts were credit invisible, a rate about eight times higher than those in upper-income census tracts.

These data points were bolstered by community and stakeholder feedback we gathered in the process of developing this Plan. Many lenders, housing counselors, and local market housing advocates and practitioners cited the need for more tools to help consumers overcome a limited credit history. These tools include more financial education and coaching but also new ways to gather and access consumer information that can be used to help people access credit, even if they lack a full credit history or credit score. This is especially true for consumers who don't use traditional modes of consumer finance, such as credit cards, or who deal mostly in cash, or who have income streams that do not fit within the model of a bi-weekly paycheck.

During Fannie Mae's stakeholder engagements that informed the development of this Plan, real estate professionals and lenders who work in historically underserved communities stated that many consumers are unaware of — or wary of — the kinds of tools available to lenders that use expanded data to help borrowers qualify for a mortgage. Several of the ensuing actions therefore focus on expanding awareness and utilization of these tools.

The actions in the following portion of this Plan are designed to allow lenders, counselors, and financial coaches to address limited credit history obstacles at the individual consumer level, both before and during the mortgage application process, and at different phases of a consumer's housing journey.

## Objective:

**Improve access to credit for historically underserved consumers through expanded use of credit-related data**

**BARRIER:**

Lack of access to conventional mortgage financing due to limited credit history or self-employment income

▶▶ Objective: Improve access to credit through expanded use of credit-related data

## ACTION #8:
## Increase utilization of positive rent payment history in Desktop Underwriter®

Fannie Mae introduced the use of positive rent payment history (PRPH) for first-time homebuyers in automated underwriting in 2021. Since its inception, the positive rent payment history enhancement in Desktop Underwriter (DU®) has become, and remains, a standard part of automated underwriting for hundreds of lenders seeking to efficiently serve first-time homebuyers with limited credit histories. Lenders, accessing borrower-permissioned bank data, use the service to incorporate on-time rental payments as part of the credit risk assessment and improve access to credit for borrowers with limited credit histories.

In the first half of 2024, more than half of all applications that benefited from positive rent payment history were from borrowers who self-identified as a member of a historically underserved group. And in March 2024, nearly 90% of Fannie Mae's largest DU lenders[3] had used positive rent payment history in the previous 30 days to enable access to mortgage credit for a first-time homebuyer. Future increases in utilization are highly dependent on lenders' ability and willingness to adopt and deploy the service in their underwriting.

In the next three years, Fannie Mae will continue to expand adoption and usage of the positive rent payment history enhancement in DU by addressing adoption hurdles that include technical and process enhancements among lenders, vendors, and other key constituents to ensure broad availability for borrowers. We will explore ways to increase approve/eligible DU applications from historically underserved consumers that benefit from PRPH. Our outreach efforts will include ongoing direct lender and vendor engagement, with the aim of increasing the number of lenders submitting approve/eligible applications that benefit from the use of PRPH.

### GOAL

Increase the **number of applications** in DU that benefit from PRPH:

**2025:** 2,700 **2026:** 3,200 **2027:** 3,600

### INTENDED OUTCOME:

More widespread lender adoption and usage of positive rent payment history in DU that leads to a meaningful increase in the number of mortgage applicants benefiting from this service, including consumers from historically underserved groups with limited credit histories.

3 Lenders who submitted at least 1,250 conventional purchase applications through DU in the last 30 days.

▶▶ Objective: Improve access to credit through expanded use of credit-related data

## ACTION #9:
## Increase utilization of cash-flow assessment in Desktop Underwriter®

Fannie Mae introduced cash-flow assessment in automated underwriting in 2022. Lenders, accessing borrower-permissioned bank statement data, use the service to assess or consider a borrower's monthly cash flow over a 12-month period. A cash-flow assessment reviews transaction patterns, balance trends, and other observations over time in checking, savings, and investment accounts to make a prediction about an applicant's creditworthiness and ability to make monthly mortgage payments. This enhancement simplifies the underwriting process by providing an automated option for lenders to document alternative sources of data used in automated underwriting and provides the ability to provide access to mortgage credit for borrowers without a credit score. According to the Federal Deposit Insurance Corp., consumers from historically underserved groups have higher instances of being underbanked.[4] About 15% of Black and Latino consumers and 9% of Asian and white consumers do not have a credit score, according to the Consumer Financial Protection Bureau (CFPB). Greater use of cash-flow assessment may help address these barriers for underserved consumers.

Similar to the positive rent payment history enhancement, utilization of this service is highly dependent on lender adoption and deployment, which is steadily increasing.

In the next three years, Fannie Mae will continue to expand adoption and usage of the cash-flow assessment in Desktop Underwriter (DU®) by addressing adoption hurdles that include technical and process enhancements among lenders, vendors, and other key constituents to ensure broad availability for borrowers. We will explore ways to increase approve/eligible DU applications from historically underserved consumers that use cash-flow assessment. Our outreach efforts will include ongoing direct lender and vendor engagement, including those lenders with a presence in historically underserved communities.

### GOAL

Increase the **number of applications** in DU that use cash-flow assessment:

**2025:** 680 **2026:** 875 **2027:** 1,000

### INTENDED OUTCOME:

More consumers, including applicants from historically underserved groups with non-traditional credit histories, who use cash-flow assessment in DU.

4 Defined as households that were banked and in the previous 12 months used at least one nonbank transaction or credit products or services that are disproportionately used by unbanked households to meet their transaction and credit needs.

## ACTION #10:
## Increase usage of Income Calculator for self-employed borrowers (New)

The number of self-employed workers is rising, and they skew predominately Black, Latino, and first- or second-generation immigrant. One recent study indicated that 50% of Latino workers and 40% of Black workers surveyed worked as independent workers, whereas 32% of white workers worked as independent workers. Nearly 60% of first-generation immigrants and 50% of second-generation immigrants are independent workers. Many lenders, as well as other housing industry stakeholders, such as housing counselors and researchers, indicated in engagement sessions held as part of the development of this Plan that making self-employment income assessment and calculation easier for both lenders and borrowers would help these would-be homeowners overcome a significant obstacle.

The process of determining qualifying monthly gross income amounts for borrowers who are self-employed is complex and subject to specific Fannie Mae guidelines that can be misinterpreted, leading to potentially incorrect or underestimated calculated income amounts. For underwriting purposes, self-employment income is complex because it requires using tax returns to arrive at an income number. In addition, the relatively higher variability of self-employment income can lead to a more conservative assessment of a borrower's ability to repay. Further, in community feedback forums, stakeholders indicated that having self-employed income can be a barrier to accessing some down payment assistance programs. For these reasons, the inherent complexity of underwriting self-employed borrowers may lead loan officers to prefer working with standard wage borrowers.

This action seeks to help simplify, automate, and improve the process of calculating self-employed borrowers to drive better outcomes. Fannie Mae has developed and deployed its innovative Income Calculator, which leverages consumer tax return data to automate the burdensome process of calculating income for self-employed borrowers. The Income Calculator offers lenders a straightforward way to calculate income for self-employed borrowers that is both efficient and accurate. The Income Calculator ensures that the calculated qualifying income meets Fannie Mae guidelines and provides the borrower with the maximum allowable qualifying income. It also provides income calculation representation-and-warrant relief to the lender, reducing the lender's risk that Fannie Mae would require them to repurchase the loan due to inaccurate income calculation.

As part of this action, Fannie Mae will continue to drive awareness, adoption, and usage of the Income Calculator by increasing integrations with lenders and vendors. Fannie Mae will also seek to track consumer impact to self-employed borrowers whose lenders use the Income Calculator. In 2025, Fannie Mae will assess the potential impact of Income Calculator in improving outcomes for historically underserved self-employed borrowers and will assess the Income Calculator's impact on these populations in achieving homeownership.

## GOALS

**1.** Increase the number of Income Calculator **users**[5]:

**2025:** 750

**2026:** 1,000

**2027:** 1,250

**2.** Increase the **number of loans acquired** that use Income Calculator:

**2025:** 10,000 or 10% of acquired loans that include self-employed or rental income — whichever is higher.

**2026:** 15,000 or 12% of acquired loans that include self-employed or rental income — whichever is higher.

**2027:** 20,000 or 15% of acquired loans that include self-employed or rental income — whichever is higher.

**INTENDED OUTCOME:**

More widespread use in the number of lenders, brokers, and correspondents using the Income Calculator to help qualify self-employed borrowers for mortgage financing.

5 "Users" include mortgage lenders, mortgage brokers, and correspondent lenders.

## ACTION #11:
## Promote positive rent payment reporting by multifamily property owners

About one-third of all households in the United States rent their home, according to Census Bureau data. Fannie Mae estimates that about 90% of renters pay rent on time, yet for most of them, on-time rental payments won't help establish or build a credit history. Fannie Mae, along with many of its borrowers and other partners, launched a pilot in 2022 to learn more about the potential impact of rental payment reporting by property owners.

Fannie Mae intends to extend the duration of the pilot until the end of 2025 to evaluate the effectiveness of reporting rental payment data to credit bureaus by multifamily property owners, with the goal to help expand and accelerate the adoption of rental payment reporting programs across the multifamily industry. We will continue to track the number of properties, units, and individuals adopting rental payment reporting, as well as the credit score improvements of individuals participating.

After this additional one-year extension, the pilot is slated to conclude at the end of 2025, when Fannie Mae's subsidy of positive rent payment reporting for its multifamily borrowers will end. However, we believe this pilot has achieved its goal of tracking the impact and bolstering awareness of reporting rent to credit bureaus for both renters and property owners, and Fannie Mae will continue to promote positive rental payment reporting as a value-add service offering for renters after the pilot's conclusion.

### GOALS

**1.** 3,000 **properties enrolled in pilot** at the end of 2025.

**2.** Achieve a total of 620,000 **units enrolled** from inception of the pilot to its conclusion.

**3.** Develop plan in 2025 to **promote positive rent reporting** after pilot's conclusion.

**INTENDED OUTCOME:**
More properties nationwide providing rental payment reporting.

Have feedback or suggestions on the
2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Objective:

## Improve access to credit through counseling and other credit-enhancing services

**BARRIER:**

### Lack of access to mortgage counseling and financial coaching to improve credit history and foster mortgage readiness

Lenders and housing counseling agencies Fannie Mae engaged with as part of developing this Plan, including NeighborWorks, UnidosUS, Chicanos Por La Causa, Housing Partnership Network Inc., and others, often spoke of the need to help consumers — particularly first-time and first-generation homebuyers — understand and prepare for homebuying as well as long-term sustainable homeownership. In fact, financial coaching, education, and housing counseling were cited more than any other topics among the more than 400 comments we received or recorded.

Understanding the fundamentals of personal finance — saving, credit building, budgeting, etc. — is essential to financial resilience and a necessary precursor for homebuying. In feedback sessions conducted in the preparation of this Plan, many stakeholders — particularly housing counselors and others involved in serving first-time homebuyers — told Fannie Mae that this is a significant barrier for many consumers from historically underserved communities, especially first-generation homebuyers.

The following three actions seek to respond to these needs by helping and empowering consumers at different stages of the housing journey to improve both their individual financial profile as well as their readiness to purchase a first home.

## ACTION #12:
## Promote pre-purchase housing counseling

Housing counseling agencies play a vital role as trusted advisors for renters, first-time homebuyers, and existing homeowners across their housing journeys. Representatives from several housing counseling agencies were integral to understanding barriers identified in Fannie Mae's Consumer Housing Journey research. Many have been refining their approach to pre-purchase housing counseling, particularly for near mortgage-ready consumers, as a tool for increasing homeownership for historically underserved consumers.

In 2025, Fannie Mae will launch a series of engagements with housing counseling agencies that will support pre-purchase housing counseling to help consumers achieve mortgage readiness. The housing counseling agencies that will be a part of this action will be a combination of both national and local organizations, delivering one-on-one services in person or over the phone.

Our purpose is to evaluate the effectiveness of pre-purchase counseling at both preparing consumers to buy a home and successfully guiding these consumers into the homebuying process.

This action will evaluate credit histories/credit scores established or improved, savings increased, and debt-to-income ratios decreased among clients served by the counseling agencies participating in this action. In addition, as a value-added service for counseling clients in areas with elevated risk for climate-related events, Fannie Mae will provide education materials to help future homeowners assess climate-related risk when buying a home, and options to mitigate or insure against that risk, including possible steps to improve a property's resiliency.

### GOALS

1. **Launch a pre-purchase counseling program** in 2025 with two housing counseling intermediaries.
2. **Serve 1,200 households** in 2025 through pre-purchase housing counseling and establish baseline for program goals in 2026 and 2027.

### INTENDED OUTCOME:

Increased mortgage-readiness of consumers served by housing counseling agencies that will participate in this action.

## ACTION #13:
## Expand support for Local Initiatives Support Corporation Financial Opportunity Centers®

In Fannie Mae's 2022 – 2024 Plan, Fannie Mae partnered with the Local Initiatives Support Corporation (LISC) to identify and support six Financial Opportunity Centers in five markets that provide counseling on saving, credit-building, and budgeting to historically underserved communities. LISC's Financial Opportunity Centers are able to measure impact on individual clients' financial health, with clear outcomes linked to its financial coaching activities.

LISC's model has proved effective at helping people from historically underserved communities improve or establish credit histories, as well as helping them establish and improve savings and budgeting habits. This action for the next three years will be about expanding on that model, working with LISC and its local partners to support a greater number of Financial Opportunity Centers and improve their effectiveness and depth of impact. Specifically, Fannie Mae intends to support targeted efforts to help LISC clients establish credit histories and/or improve credit scores, as well as increase savings, and track outcomes.

## GOALS

1. Increase Fannie Mae-supported **LISC Financial Opportunity Centers** (FOCs):

   **2025:** 20 FOCs   **2026:** 23 FOCs   **2027:** 25 FOCs

2. In 2025, LISC FOCs will **serve 3,000 participants** through financial coaching; at least 10% of those served will have increased their credit score. Fannie Mae and LISC will establish baselines and goals in 2025 for number of clients served, as well as impact measures on those clients' financial health, for the years 2026 and 2027.

## INTENDED OUTCOME:
## A substantial increase in the number of clients served by LISC Financial Opportunity Centers who achieve improved credit and financial profiles.

## ACTION #14:
## Expand The Community Builders' From Our Doors to Yours program

Fannie Mae began collaborating with The Community Builders (TCB), a mission-driven nonprofit multifamily developer and property manager, in 2022 as part of our Sustainable Communities Innovation Challenge. TCB's From Our Doors to Yours program helps renters establish and improve their credit histories/credit scores by reporting on-time rental payments and providing financial coaching. This program, which is offered at TCB's properties in Chicago, Richmond, and Detroit, aims to prepare tenants for homeownership.

To increase the number of residents reporting improved credit histories/credit scores and overall financial well-being, from 2025 to 2026 Fannie Mae will support the expansion of the From Our Doors to Yours program to TCB's Cincinnati properties. Fannie Mae will also support the addition of estate planning into TCB's financial coaching curriculum to help families preserve real estate-driven wealth creation. Much like our other housing counseling and positive rent payment reporting efforts, the purpose of this action is to gain insights into how and where supports for potential homebuyers can be most effective in the long term.

### GOALS

1. In 2025, **launch estate planning** (including heirs' property counseling) to TCB properties; develop curriculum and establish partnerships to launch and deliver estate planning program for residents in two cities. Establish baseline for resident participation.
2. In 2025, increase from 9 to 13 the **number of properties participating** in From Our Doors to Yours program (positive rent payment reporting combined with financial coaching).

▶▶ **Objective: Improve access to credit through counseling and other credit-enhancing services**

3. Increase **number of residents served** by From Our Doors to Yours, from 1,600 in 2024:

   **2025:** 1,850 **2026:** 1,950

4. In 2026, evaluate effectiveness of From Our Doors to Yours program and share findings on the impact of combining financial coaching with positive rent payment reporting.
5. In 2026, refine and update estate planning curriculum and launch training and workshops for residents in **two additional cities**. Measure increase in participation relative to baseline metrics. Evaluate program rollout and identify lessons learned that can be applied to relevant Fannie Mae consumer education and housing counseling activities.

**INTENDED OUTCOME:**

Improved credit profiles of renters living in TCB's affordable properties through the establishment or improvement of credit histories/credit scores. Fannie Mae will also gain a better understanding of the effectiveness of financial coaching and estate planning on renter financial resilience and the scalability of such programs.

Have feedback or suggestions on the
2025 – 2027 Equitable Housing Finance Plan?

**Provide it here**

# Helping homeowners and renters achieve financial resilience

Sustaining homeownership or stable rental housing is, for many people in the United States, an ongoing balancing act. Families with limited income often must make difficult choices of which bills to pay. Missing mortgage or rent payments can lead to a cascade of negative outcomes, only the worst of which is losing a home. Having the financial resilience to withstand temporary financial or other household hardships is essential to sustainable housing. Homeowners and renters from different communities, however, experience this challenge unevenly.

Households that identify as Black or Hispanic are more likely to indicate experiencing income volatility. In a Federal Reserve survey from 2023, 35% of Hispanic adults, 30% of Black adults, and 22% of Asian adults, compared with 26% of white adults, experienced income variability; 16% of Hispanic adults, 11% of Black adults, and 5% of Asian adults experienced a financial hardship on account of income variability, compared to 8% of white adults.

Households that identify as Black or Hispanic have relatively limited emergency savings. In the 2019 Federal Reserve Survey of Consumer Finances, white homeowners reported $12,000 in median liquid assets, compared with $4,000 for Black homeowners and $3,700 for Hispanic homeowners.

According to an analysis by the Joint Center for Housing Studies, more than 57% of Black renter households and 54% of Latino renter households were housing-cost burdened. In all, about one-third of Black renters were severely cost burdened.[6] A broad spectrum of community stakeholders, especially those

6 A household with a housing cost burden pays more than 30% of its income for housing, while severely cost-burdened households pay more than 50%.

who work directly with low- and moderate-income consumers, such as various local affiliates of LISC, ReBuild Metro, Rebuilding Together Metro Chicago, and The Community Builders, urged Fannie Mae to do more to address the fundamental problems of affordability and stability by working with our partners to find ways to make the ongoing cost of housing more sustainable.

The actions in the following portion of this Plan are designed to address these barriers to stable housing by reducing ongoing housing cost burdens.

# Objective:

## Improve the financial resilience of historically underserved consumers by lowering the ongoing costs of housing

**BARRIER:**

Housing cost burdens are disproportionately higher for historically underserved consumers

## ACTION #15:
## Promote Sponsor-Dedicated Workforce and Sponsor-Initiated Affordability

Sponsor-Dedicated Workforce (SDW) launched in 2023 and Sponsor-Initiated Affordability (SIA) launched in 2021. Both of these Fannie Mae programs offer multifamily borrowers private-market financing mechanisms, utilizing pricing and/or underwriting incentives, to create and preserve workforce and affordable housing. Both programs are designed to increase the availability of affordable housing supply nationwide.

Both SDW and SIA have become established product offerings in Fannie Mae's Multifamily business. They offer a way for Fannie Mae to directly influence the availability of affordable rental housing, including in underserved communities where housing security and financial resilience are more prevalent challenges.

SDW is designed for conventional multifamily borrowers. A borrower elects to restrict the rents on a minimum of 20% of the units at levels affordable to renters at 80% of Area Median Income (AMI) (and up to 100% AMI and 120% AMI in high cost- and very high cost-burdened markets, respectively, as defined annually by the Federal Housing Finance Agency [FHFA]). These rent restrictions maintain workforce housing affordability for the life of the loan.

SIA is used by Multifamily Affordable Housing (MAH) and Social Impact borrowers. A borrower elects to restrict a minimum of 20% of the units at 80% AMI or less, as adjusted for family size, and rent cannot exceed 30% of adjusted AMI for unit size. These rent and income restrictions maintain affordability for the life of the loan.

While utilization of products such as SDW and SIA are highly dependent on market conditions, Fannie Mae will continue to engage investors, borrowers, servicers, and lenders to promote, refine, and improve the SDW and SIA program to increase the number of affordable units preserved through the programs, inclusive of but not limited to communities that are historically underserved.

▶▶ **Objective: Improve financial resilience by lowering the ongoing costs of housing**

As part of this action, we will explore the viability of developing a private financing pathway for borrowers that elect SDW or SIA rent restrictions to garner a forward commitment that supports the creation of new supply. Forward commitments increase affordable supply by supporting the construction of new affordable units.

## GOALS

**1.** Increase **unpaid principal balance of SDW loans** delivered to Fannie Mae:

**2025:** $2.7 billion    **2026:** $2.9 billion    **2027:** $3.1 billion

**2.** Increase **unpaid principal balance of SIA loans** delivered to Fannie Mae:

**2025:** $535 million    **2026:** $570 million    **2027:** $610 million

**3.** Explore forward-commitment financing options by the end of 2025.

**INTENDED OUTCOME:**

More residents, including those living in historically underserved communities, will have the opportunity to access affordable rental housing as a way to improve their financial resilience and reduce their housing cost burden.

## ACTION #16:
## Extend Expanded Housing Choice Initiative for renters (New)

U.S. Department of Housing and Urban Development (HUD) Housing Choice Vouchers (HCVs) help provide housing for a wide range of individuals and families, including very low-income families, seniors, historically underserved populations, and people with disabilities.

Fannie Mae launched the Expanded Housing Choice (EHC) Initiative as a pilot in in 2022, providing a pricing incentive for multifamily property owners to accept HCVs in jurisdictions without source of income protections for HCV renters. EHC is a way to increase the supply of multifamily units that accept HCVs in jurisdictions without source-of-income protections for HCV renters.

Participating properties agree to undergo fair housing testing that is currently performed by the Urban Institute. The pilot currently runs through April 2026.

In addition to EHC, Fannie Mae will research potential HCV process efficiencies that could be implemented to streamline the process for both renters and multifamily housing providers.

Fannie Mae will assess multifamily property owner utilization, including the underlying market characteristics, to inform the future strategy of EHC after April 2026.

### GOAL

As a pilot, this action is relatively new and untested at full market scale, so the extent of utilization is difficult to predict. We will establish a baseline and benchmarks in 2025, tracking the increase of multifamily rental housing that accepts HCVs, and establish goals for 2026 and 2027.

**INTENDED OUTCOME:**
An increase in the number of properties participating in EHC and accepting Housing Choice Vouchers, in an expanded footprint of states without source-of-income protections.

## ACTION #17:
## Use Housing Choice Vouchers to promote homeownership affordability (New)

According to Fannie Mae's 2023 Renter Needs Study, Black (21%) and Hispanic (17%) renters are more likely than white (11%) and Asian (8%) renters to say that they pay all or part of the rent with a rental home voucher. According to HUD, 68% of HCV assistance benefit seniors, children, and individuals with disabilities. Fannie Mae believes more can be done to use this form of housing support for homeownership, not just for renting.

Housing choice vouchers are generally restricted to households making less than or equal to 50% of the AMI, depending on the public housing agency that administers them. And not all public housing agencies support using HCV as part of a homeownership option.

Nonetheless, we believe a portion of the estimated 2.3 million HCV holders currently receiving rental assistance could use them to support homeownership. Based on feedback from housing counselors and other industry partners, including the National Housing Resource Center, there is low adoption and utilization of vouchers for home purchases in part because the Fannie Mae *Selling Guide* treats the HCV monthly payment subsidy as household income, instead of treating it as an offset to the monthly mortgage payment when qualifying a borrower for a loan. Treating HCV payments as a reduction in monthly mortgage payment could potentially help more HCV-receiving borrowers qualify for a conventional mortgage.

As part of this action, Fannie Mae will work with lenders to understand adoption barriers that can help increase utilization of HCVs for home purchases. We will also engage with industry partners to identify opportunities to drive awareness, adoption, and greater utilization of HCV for home purchases. Lastly, Fannie Mae will evaluate *Selling Guide* updates to support use of HCVs, including consideration of an option to use the HCV as an offset to the monthly mortgage payment.

### GOAL

In 2025, work with industry participants to **assess potential obstacles to using HCVs** as an offset to a monthly conventional mortgage payment in 2025. Dependent on the outcome of this assessment, evaluate possible updates to *Selling Guide* accordingly.

### INTENDED OUTCOME:
Lenders have an additional option that maximizes the benefit of the HCV subsidies when underwriting a home purchase loan for eligible recipients.

Have feedback or suggestions on the 2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Other actions to enable equitable housing finance

# Objective:

## Improve lender liquidity for mortgages to historically underserved consumers

**BARRIER:**

### Lack of lender incentives for mission-oriented mortgage lending

Lenders have a variety of fixed and variable costs associated with originating a mortgage. Depending on the needs of the borrower or the size of the mortgage, these costs can become relatively high. Fixed costs on a small-balance mortgage, for instance, can reduce lender profit margins, or even lead to a loss, when a loan is sold.

Many first-time or first-generation homebuyers use small-balance loans to buy smaller or less expensive starter homes. The Pew Charitable Trust examined mortgage lending over time and found that between 2004 to 2021, small-balance mortgage loans became less common nationally, even after accounting for increases in overall home values.

However, recent research by Fannie Mae found that there is the potential for small-balance loans to generate incremental revenue for lenders when they sell these loans in the secondary market — through so called "pay-ups" that mortgage-backed securities (MBS) investors pay depending on certain loan features.

Fannie Mae in recent years has developed new ways to create potential incentives — through similar pay-ups — for lenders who make mission-oriented loans that are sold to MBS investors. These pay-ups may encourage more lenders to make loans to low- and moderate-income consumers and other consumers who are underserved by the housing finance system.

## ACTION #18:
## Increase lender issuance of Single-Family Social Mortgage-Backed Securities

Fannie Mae's Social Mortgage-Backed Securities (MBS) program represents an emerging and promising approach to addressing the housing inequities faced by historically underserved populations and markets by empowering investors to provide a market-based incentive for lenders to serve these communities.

Fannie Mae began issuing Social MBS in 2024. Since that time, there has been increasing interest by the MBS investment community, along with relative pricing for Social MBS, which has created new incentives for lenders. These incentives generate additional revenue for lenders when certain loans are pooled into Social MBS pools. As a result, lenders are motivated to originate loans for a diverse range of borrowers, such as those requiring small-balance loans and others who are the focus of our mission-oriented lending.

Fannie Mae will continue to promote market adoption and will engage lenders, investors, industry partners, and other stakeholders on the Social MBS program and its value in enabling market-based incentives to drive greater equity in housing finance. Lender education about the benefits, tools, and resources that support Social MBS issuance is a key priority, as lenders are positioned to receive any market-based incentive that arises and are able to redeploy it for the benefit of the consumers that we aim to serve. Fannie Mae will provide insights and resources to support investor interest in and demand for Social MBS as a means to incentivize lenders for mission-oriented lending.

### GOALS

1. In 2025, **begin impact reporting** that demonstrates the value derived from labeled Single-Family Social MBS issuances.
2. Dependent upon mortgage and capital market conditions, increase the minimum level of **Fannie Mae-backed MBS issuance** receiving social labels:

   **2025:** $20 billion (funding loans for at least 60,000 borrowers)

   **2026:** $25 billion (at least 70,000 borrowers)

   **2027:** $30 billion (at least 80,000 borrowers)

### INTENDED OUTCOME:

Heightened and sustained demand from the MBS investment community that generates lender incentives to enhance the availability and liquidity of Mission Index™ loans so that these loans can be pooled into Social MBS pools while preserving the liquidity and dependability of the To-Be-Announced (TBA) MBS market.

# Objective:

## Expand consumer education related to homeownership and renting

**BARRIER:**

### Lack of confidence in homebuying and renting

Fannie Mae consumer research suggests that lack of familiarity with the homebuying and mortgage process holds consumers back from taking steps toward homeownership. This dynamic is pronounced among Black and Latino consumers. In Fannie Mae's most recent Mortgage Understanding Study, conducted in 2023, participants who identified as Black or Hispanic were more likely than white or Asian participants to express a lack of confidence in navigating the mortgage process. Only 12% of Spanish-speaking respondents said they would be very confident speaking with a mortgage lender. In all, 56% of Black respondents and 64% of Hispanic respondents said it would be "very" or "somewhat" difficult to obtain a mortgage, while just 36% of white respondents said so.

We believe Fannie Mae is well-positioned to help consumers get the facts. In the same survey cited above, the use of online sources such as educational websites to gain information on the mortgage process has grown meaningfully for all consumers since 2018, and now more people would look to the internet for advice than to mortgage or real estate professionals. Further, the need for broad-based credit, mortgage, and homeownership education was the most often cited obstacle by participants in Fannie Mae's multi-stakeholder feedback sessions conducted as part of developing this Plan.

The need extends to renters as well. Few comprehensive and accessible sources exist for renters seeking credible, independent advice and help on navigating leases, understanding their rights and responsibilities, and generally succeeding as a renter.

Fannie Mae's 2023 Renter Needs Research identified challenges faced by today's renters across their rental journey, including challenges before moving in, during their lease, and moving out. Renters said a top challenge was finding the cash for up-front costs, such as the fees for an application and the security deposit. Other frequent challenges include unexpected changes in lease terms at renewal, the inability to use rent payments in building credit history, and difficulty and delay in getting security deposits returned. Most renters in the research also reported they are less likely to be aware about their rights. Further, Black and Hispanic renters reported a greater likelihood of experiencing certain challenges, particularly when it comes to rental application rejections, unexpected fees, and use of housing vouchers. These findings were further validated by nonprofit renter and community advocates, as well as tenant rights groups Fannie Mae engaged with as part of our community engagement, several of whom said renting was becoming more complicated and that hidden or unexpected costs were climbing.

## ACTION #19:
## Expand HomeView®

Fannie Mae created HomeView to provide a credible, comprehensive, and easy-to-access online tool to help consumers learn about homeownership. HomeView offers a free, seven-module homeownership certification course to help consumers with each stage of their homeownership journey.

In the next three years, Fannie Mae will enhance and expand HomeView. We will increase our engagement with underserved renters, homebuyers, and homeowners with targeted housing education programs focused on up-front housing costs and lack of credit history, and expand its catalog of "micro" learning curricula on a range of topics informed by the key obstacles and consumer feedback, such as improving personal finances, home maintenance, and climate risks.

To expand the reach and audience for HomeView, we will look to partner with outside organizations, including community stakeholders, who can help reach and engage consumers beyond what Fannie Mae could do on its own.

In order to measure long-term impact, we will explore methodologies to measure consumer confidence and knowledge improvement around homebuying and homeownership obstacles both before and after using Fannie Mae educational resources such as HomeView.

### GOAL

Increase HomeView **course completions**:

**2025:** 265,000 **2026:** 291,500 **2027:** 320,650

### INTENDED OUTCOME:

Increased consumer confidence and reduction in knowledge gaps around preparing for and accomplishing homeownership.

## ACTION #20:
## Launch renter education initiative (New)

In the next three years, Fannie Mae will work to educate and prepare consumers for successful rentership by creating a comprehensive online content destination, with topical areas informed by our Renter Needs Research and other consumer feedback. Launched in 2024, the platform will deliver seven new pieces of educational content by the end of 2025. We will also continuously assess our ability to measure impact on consumer confidence. The promotional marketing strategy will focus on reaching and engaging consumers in majority-minority markets, such as our HomeReady First markets.

### GOAL

Increase in **consumer reach and engagement** with renter education content:

**2025:** 2 million consumers reached, 100,000 engaged

**2026:** 2.2 million consumers reached, 110,000 engaged

**2027:** 2.42 million consumers reached, 121,000 engaged

**INTENDED OUTCOME:**
Renters from historically underserved communities will have more access to education content for all parts of the rental housing journey.

Have feedback or suggestions on the 2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Objective:

## Make the housing ecosystem more representative of the people it serves

**BARRIER:**

### Lack of representation in the housing and mortgage finance industries

Fannie Mae's commitment to building its own workforce to better represent the homeowners and renters it ultimately serves is a longstanding one. Research shows that diverse perspectives are essential to addressing long-standing inequities and lead to more innovative solutions and equitable outcomes in housing policy and practice. For instance, studies by the Urban Institute highlight that racial and ethnic diversity within the industry can lead to more culturally responsive and effective housing policies, ultimately reducing disparities in homeownership and access to affordable housing.[7] By prioritizing inclusion in the housing industry, we can more effectively address the deep challenges faced by communities historically underserved. This is why Fannie Mae created Future Housing Leaders® and leads the Appraiser Diversity Initiative® with other like-minded organizations: to build a housing industry workforce that better represents the people of the United States.

7 Urban Institute, *The Future of Headship and Homeownership*, January 2021, urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf

While the country is rapidly becoming more diverse, the housing industry has not. According to statistics compiled by the Brookings Institute, as of 2019, people who identify as white, Hispanic or Latino, Black, and Asian American represented 60.1%, 18.5%, 12.5%, and 5.9% of the U.S. population, respectively. But the housing industry employment was 71.6% white, while Hispanic or Latino, Black, and Asian American represent 9.1%, 7.5%, and 9.4%, respectively.[8]

From 2000 – 2019, the housing industry workforce increased by 66%, yet representation of Hispanic or Latino and Black people only increased by 5% and 1.98%, respectively.[9] At that rate, it would take decades for the housing industry to mirror the U.S. population.

Through the following actions, Fannie Mae will play an active part in making the housing industry more representative and, ultimately, stronger and better able to meet the needs of a rapidly diversifying nation.

8 William Frey, "The nation is diversifying even faster than predicted, according to new census data." Brookings Institute, July 1, 2020, brookings.edu/articles/new-census-data-shows-the-nation-is-diversifying-even-faster-than-predicted

9 Estimates based on ACS data.

## ACTION #21:
## Expand Future Housing Leaders®

Future Housing Leaders (FHL) is a free, Fannie Mae-led service that helps companies encourage wider representation within the housing industry workforce. By casting a wide recruiting net, building relationships with colleges and universities with richly diverse student bodies, and offering learning and development opportunities, FHL builds awareness of, enthusiasm for, and interest in careers in the housing and real estate finance industry. The FHL program educates enrollees on all facets of the housing and real estate finance industry, providing learning badges and industry-recognized certificates to help new careerists excel in the workplace. FHL program eligibility is not limited by race, ethnicity, or other protected status.

In the next three years, Fannie Mae will seek to continue to increase the number of enrollees, broaden employer partnerships, and enhance professional learning and development offerings to aspiring leaders in the housing industry. This will include expanded support of the Future Housing Leaders Alumni Network.

Additionally, the program aims to strategically expand its network by aligning with new markets and sectors — such as credit unions and Federal Home Loan Banks — securing 20 new industry employer partnerships annually and further solidifying the program's value proposition and aligning with industry priorities.

### GOALS

**1.** Increase **FHL enrollees**:

**2025:** 1,030 **2026:** 1,160 **2027:** 1,300

**2.** At least 60% of enrollees **complete the housing foundations course** annually, with a minimum of 600 enrollees completing the course each year, regardless of total enrollment numbers.

### INTENDED OUTCOME:

Empowered early careerists with comprehensive knowledge in housing and real estate finance, increased attractiveness of the housing finance industry, all while fostering a more diverse and inclusive workforce across all demographic segments.

## ACTION #22:
## Enhance Appraiser Diversity Initiative®

The Appraiser Diversity Initiative (ADI) is a Fannie Mae-founded initiative to attract new entrants to the residential appraisal field. By facilitating opportunities to overcome barriers to entry, such as access to education and experience requirements, ADI seeks to foster a more diverse appraiser workforce. ADI builds awareness of the appraisal field as a potential career path, including targeted outreach to historically underrepresented groups, and awards scholarships to cover the education courses required for state licensing. ADI scholarship eligibility is not limited by race, ethnicity, or other protected status. ADI program participants may also receive industry conference reimbursement to facilitate connections between program participants and local appraiser networks.

Interest in the appraisal profession and demand for appraisers is highly subject to housing market conditions, which have been subdued during the recent period of slow housing sales. While ADI hopes to maintain its current levels of participation in the program, ADI will at the same time undertake efforts to improve its effectiveness at retaining and supporting people early in their appraisal career through the use of ADI Program Advisors, who provide mentorship to help new entrants establish their careers.

### GOALS

**1.** Annual **ADI scholarships**:

**2025:** 220 **2026:** 220 **2027:** 220

**2.** Hold a minimum of 10 **outreach events** each.

**3.** Increase the number of ADI **Program Advisors** to 10 by year-end 2027.

**4.** Grow the number of **sponsors** by five in each year of the Plan.

### INTENDED OUTCOME:

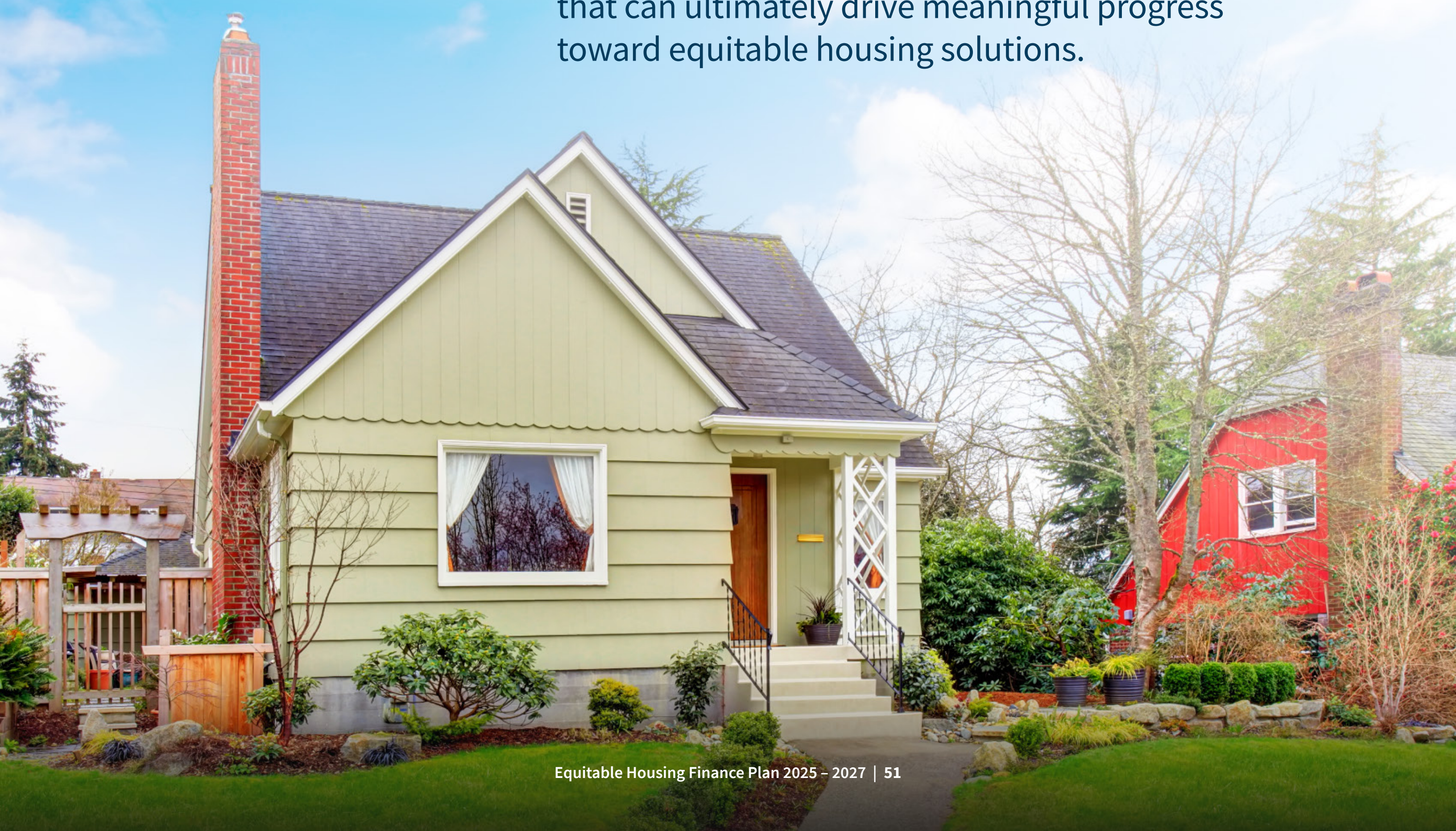
An expanded appraisal industry workforce and more ADI program participants that have access to an advisor to support their entrance into the residential appraisal field.

Have feedback or suggestions on the
2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Research Initiatives

We continue to leverage both original and publicly available research in the development and execution of this Plan. Our research, spanning the full three years of the Equitable Housing Finance Plan, is designed to generate original insights and deepen our understanding of barriers faced by borrowers and renters, whether through our internal efforts or in collaboration with partners. This work will seek to anticipate and respond to emerging housing equity and stability issues related to up-front housing costs, credit, and financial and property resilience. By pursuing topics that are currently under-explored or rapidly evolving, we aim to provide actionable knowledge that can ultimately drive meaningful progress toward equitable housing solutions.



## Employee housing benefits

Based on feedback from industry stakeholders, Fannie Mae will explore the potential for employer-provided housing benefits to address barriers throughout the Consumer Housing Journey. The research will explore the benefits of such programs to both employers and employees, assess how such benefits could help address housing barriers for historically underserved communities, and will incorporate the perspectives of community stakeholders both within and outside of the housing industry. The outcome will be a published white paper describing our results.

## Rent relief

In 2024 Fannie Mae conducted research on private rental assistance programs focused on the administrators of those programs and rental property owners. In 2025, we will build on the findings of that study to examine the direct effect of these programs on renters. In particular, we will examine the extent to which these programs addressed the issues renters faced and challenges that tenants experience in accessing and utilizing these programs.

## Housing dynamics for Native Hawaiian and Pacific Islander communities

Recognizing that people who identify as Native Hawaiians and Pacific Islanders (NHPI) tend to reside in higher-cost U.S. housing markets, Fannie Mae will explore research opportunities to gain insights into this population group, such as mobility, family situation, and other key factors that affect housing decisions. The goal is to identify housing opportunities and challenges, as well as to inform potential development of housing programs that meet the needs of these communities. The findings will contribute to more inclusive and equitable housing solutions and inform market participants.

## Multifamily Renter Needs Study update to include Sexual Orientation and Gender Identity identifiers

Fannie Mae will enhance our multifamily research of renter needs to include Sexual Orientation and Gender Identity (SOGI) identifiers. These identifiers will allow us to better understand the unique housing challenges and disparities faced by LGBTQ+ populations, particularly in areas such as access to affordable rental housing, discrimination, and safety. By incorporating SOGI data, our research will capture a more accurate and diverse representation of all communities, enabling the development of more targeted and effective policies and programs that address the specific needs of LGBTQ+ individuals.

## Annual publication of Consumer Housing Journey data book

Fannie Mae will generate key tabulations of demographics and housing characteristics, such as populations by age groups, income, and homeownership rates. Where statistically possible, these charts will provide disaggregated data for ethno-racial and socio-economic groups to identify insights and disparities. The objective is to provide updates on the demographic and housing trends of underserved groups and to equip housing market participants with data that may inform efforts to address the diverse needs of all communities and facilitate the development of effective and inclusive solutions.

# Stakeholder Engagement and This Plan

Beginning in April 2024 and continuing through June, Fannie Mae executed an outreach strategy to a wide cross-section of housing industry and community stakeholders as part of our Equitable Housing Finance Planning process. This process resulted in direct engagements with more than 400 people. The engagements focused on Fannie Mae's housing equity and stability strategies, including the Equitable Housing Finance Plan, and featured a formal process of soliciting and collecting feedback, ideas, or other commentary on our efforts to inform the creation of Fannie Mae's 2025 – 2027 Equitable Housing Finance Plan.

Fannie Mae led 17 Equitable Housing Finance Plan development sessions as part of this work, including five dedicated ideation sessions with HFAs, local-market housing practitioners, lenders, and members of Fannie Mae's Affordable Housing Advisory Council to brainstorm possible actions or enhancements that Fannie Mae should consider for the next three-year Plan. The discussions centered on the primary housing journey obstacles that are the focus of our strategy and Plan: limited credit history, burdensome up-front costs, lack of financial resiliency, and lack of property resiliency. We summarized consistent or notable themes articulated by stakeholders in these sessions and shared this feedback with internal teams leading the development/enhancement of actions for the next three-year Plan. Altogether, Fannie Mae collected more than 400 discrete or unique pieces of feedback (most of it anonymized) that was then categorized by housing obstacle, stakeholder type, and keywords, allowing users of the data to discern the quantity of feedback on a particular topic, quality of that feedback, and the type of stakeholder(s) that provided it.

For the 2025 – 2027 Plan, more than half of the actions were informed or enhanced by industry and community stakeholder input. These include our actions on HomeView, the development of new renter education resources, Fannie Mae's automated underwriting innovations, pre-purchase counseling and expanded financial coaching support, appraisal modernization, and our new actions involving housing choice vouchers for renters and homeownership opportunities.

Among all the issues that were suggested for action in this Plan, stakeholders most often cited (in order) borrower/homebuyer education, pre-purchase counseling, down payment assistance, renter support, closing cost reduction, and credit eligibility enhancements, all of which are incorporated in part or in whole in this Plan's actions.

Stakeholders discussing "lack of financial resilience" and "burdensome up-front housing costs" obstacles at the Equitable Housing Finance Plan feedback session, part of Fannie Mae's Affordable Lending Summit held on June 29, 2024.

Other feedback and specific requests to address barriers or issues affecting historically underserved renters and homebuyers were considered but were not incorporated into this Plan, for a variety of reasons. For instance, Fannie Mae considered specific suggestions for adding an action related to mortgage reserve accounts (or other related services to support post-purchase financial resilience). Fannie Mae explored the creation of a mortgage reserve account in its previous three-year Plan but ultimately determined it requires further engagement with lenders and servicers to overcome implementation hurdles necessary for such an initiative to be scalable.

Other specific suggestions for this Plan, including efforts to increase housing supply, to create loan products to address heirs' property issues, energy efficiency or home improvement needs, and issues related to student debt, were considered because they have long been areas of focus for Fannie Mae. In some cases, Fannie Mae made the determination that these efforts are appropriately administered under the auspices of other formal plans, such as Fannie Mae's Duty to Serve plan. In other cases, Fannie Mae has work underway to evaluate solutions that would address such issues — such as heirs' property — but Fannie Mae determined that these efforts as currently constructed would not be suitable or appropriate actions at this juncture given the time-bound goal and measurement framework required of this Plan.

Some of these efforts, while not formal Plan actions, are described in the Research Initiatives in this Plan and in our previous three-year Plan. For instance, a number of researchers, housing advocates, and others have urged Fannie Mae to utilize more disaggregated demographic data — such as more granular regional or ethnic population and housing data for Asian American communities — as part of its Equitable Housing Finance Planning process. In response to this feedback, Fannie Mae in 2025 will begin publishing an annual Consumer Housing Journey data book with more disaggregated demographic data. Other stakeholders have asked Fannie Mae to conduct and utilize research on the housing needs of Native Hawaiian and Pacific Islander communities. In response, Fannie Mae in 2025 will begin work to identify housing opportunities and challenges of these communities to inform potential development of housing programs to meet their needs.

Broadly, however, housing industry and community stakeholders Fannie Mae engaged with validated our main strategic choices for the next Plan, particularly our focus on burdensome up-front costs, limited credit history, and financial resilience. Requests to expand certain actions or do more to promote adoption and usage of solutions — such as down payment assistance programs and support, education and pre-purchase counseling, and tools for lenders to support first-time or first-generation homebuyers — were consistent themes among housing advocates, mortgage lenders, real estate professionals, and housing counseling agencies. In addition, several stakeholders expressed a desire for Fannie Mae to do more to encourage the creation of affordable housing supply or make efforts to influence federal or local housing policies, both of which are outside the scope of this Plan and Fannie Mae's main strategic focus for housing equity and stability.

Participants in these sessions included housing advocates, professional affinity groups, researchers, multifamily and single-family seller/servicers — including Fannie Mae's Lender Diversity Council, a forum of minority-owned lenders — and state and local housing finance agencies.

Stakeholders discussing "lack of property resilience" and "limited credit history" obstacles at Fannie Mae's Equitable Housing Finance Plan feedback session on June 29, 2024.

We also solicited feedback and suggestions from organizations that don't often have the opportunity to weigh in on government-sponsored enterprise policies or business practices: those that directly serve communities that are the focus of the Plan, many of which are community stakeholder organizations with hands-on experience helping families overcome common housing journey obstacles. In June 2024, Fannie Mae invited 25 community stakeholders from around the U.S. to our

Washington, D.C., offices for a full-day, interactive ideation session to share their perspectives on ways Fannie Mae could improve upon its current Equitable Housing Finance Plan. These community stakeholders included the following organizations:

- Asociación Puertorriqueños en Marcha
- Bilt
- Congresso de Latinos Unidos
- Equal Rights Center
- FaceLA
- Habitat for Humanity Philadelphia
- Home Starter
- Houston Community Land Trust
- Houston Land Bank
- Johnston Square Neighborhood Organization
- LISC Jacksonville
- Live Baltimore
- NeighborWorks America
- Parity
- ReBUILD Metro
- Rebuilding Together DC — Alexandria
- Rebuilding Together Metro Chicago
- The Community Builders — Detroit
- The Works Inc.
- Women's Community Revitalization Project

We have an ongoing program to solicit and capture industry and community stakeholder input in our Equitable Housing Finance Planning process. Our goal is to routinely evaluate and explore the feasibility of including actions, sourced from the feedback, that are durable and scalable in support of historically underserved consumers and communities.

In addition to the Equitable Housing Finance planning activities referenced above that were directly led by Fannie Mae, there were comprehensive reviews of voluminous public commentary provided to FHFA during stakeholder listening sessions and submissions related to its rulemaking process for Fair Lending, Fair Housing, and Equitable Housing Finance Plans. In 2024, Fannie Mae also conducted its formal environmental, social, and governance assessment, which included feedback from community partners on key topics such as equitable housing, housing affordability and stability, and climate resilience. We intentionally included community stakeholders in this assessment to help inform the priorities we pursue as a company and within this Plan.

## How Fannie Mae engaged with industry and community stakeholders

Throughout our inaugural three-year Equitable Housing Finance Plan, which covered the years 2022 – 2024, Fannie Mae embraced opportunities to engage directly with industry and community stakeholders around our equitable housing and housing stability work. As we embarked upon the planning and development of this next three-year Equitable Housing Finance Plan, teams at Fannie Mae organized or participated in 17 events specifically focused on curated discussions with a wide range of both local and national housing system stakeholders. These events were in targeted cities across the country as well as at Fannie Mae headquarters in Washington, D.C., where among other convenings we hosted a dedicated Equitable Housing Finance Plan planning workshop with local market housing practitioners and advocates from Atlanta, the District of Columbia, Baltimore, Detroit, Chicago, Houston, Los Angeles, Memphis, and Philadelphia.

More than 400 individuals collectively participated in our Equitable Housing Finance Plan feedback events. At each of these events, we moderated interactive discussions focused on the four key housing journey obstacles articulated in our strategy, collected and cataloged extensive notes, and received suggestions about how we could do more. Fannie Mae teams who are leading many of the actions in this Equitable Housing Finance Plan participated in this process, as well as senior business leaders from our Multifamily and Single-Family businesses.

We appreciated the opportunity to hear from community stakeholders from throughout the housing ecosystem, all of which were candid and forthright in sharing their experiences with the barriers faced by renters and potential homeowners from historically underserved communities. Their feedback enriched and directly informed many aspects of our 2025 – 2027 Plan. While not every suggestion for actions or enhancements to our equitable housing finance strategy was acted upon, each was considered — and will continue to be considered as we move forward on what will be a long journey to a more equitable housing finance system.


Fannie Mae collected more than 400 distinct pieces of commentary and feedback in the process of developing our Equitable Housing Finance Plan. This word cloud shows the most often cited topics in that commentary; the larger the word, the more often it was cited.

Below is the full list of the organizations consulted in the creation of this Plan:

## Community stakeholders

- Asociación Puertorriqueños en Marcha
- Center for Responsible Lending
- Congresso de Latinos Unidos
- Community Development Corporation of Brownsville
- Equal Rights Center
- FaceLA
- Habitat for Humanity Philadelphia
- Houston Community Land Trust
- Houston Habitat
- Houston Land Bank
- Home Starter
- Johnston Square Neighborhood Organization
- LISC Jacksonville
- Live Baltimore
- Massachusetts Affordable Housing Alliance
- NeighborWorks America
- Neighborhood Assistance Corp of America
- Parity Baltimore
- ReBUILD Metro
- Rebuilding Together DC — Alexandria
- Rebuilding Together Metro Chicago
- The Community Builders — Detroit
- The Works Inc.

## Affinity groups/housing and consumer advocates

- Asian Real Estate Association of America
- Come Dream, Come Build
- CONVERGENCE Memphis Inc.
- CONVERGENCE Columbus Inc.
- CONVERGENCE Philadelphia
- Habitat for Humanity Philadelphia
- HilltopSecurities
- Homewise®
- Housing Partnership Network
- Houston Community Land Trust
- LGBTQ+ Real Estate Alliance
- Mortgage Bankers Association Community Bank Network
- National Multifamily Housing Council
- National Association of Hispanic Real Estate Professionals
- National Association of Real Estate Brokers
- National Housing Conference
- Neighborhood Finance Corp.
- Oregon Housing & Community Services
- Underserved Mortgage Markets Coalition
- UnidosUS

## Fintech/technology providers

- BILT
- Clear Capital
- CoreLogic®
- ICE Mortgage Technology

## Government/housing finance agencies

- California Housing Finance Agency
- Capital Area Finance Authority
- City of Denver Housing
- Colorado Housing Finance Agency
- D.C. Housing Finance Agency
- Department of Housing and Community Development
- Denver Housing Finance Agency
- Houston Land Bank
- Idaho Housing and Finance Association
- Indiana Housing and Community Development Authority
- Illinois Housing Development Authority
- Louisiana Housing Corporation
- Maryland Department of Housing and Community Development
- Minnesota Housing Finance Agency
- National Council of State Housing Agencies
- New Hampshire Housing Finance Authority
- New Jersey Housing & Mortgage Finance Agency
- New Mexico Mortgage Finance Authority
- North Carolina Housing Finance Agency
- Oregon Housing and Community Services
- Pennsylvania Housing Finance Agency
- Rhode Island Housing Finance Agency
- Southeast Texas Housing Finance Corp.
- Tennessee Housing Development Agency
- Texas State Affordable Housing Corporation
- Vermont Housing Finance Agency
- Washington State Housing Finance Commission
- West Virginia Housing Development Fund

### Other housing industry stakeholders

- Abacus Federal Savings Bank
- Allied Mortgage Group
- Ally Bank
- American Pacific Mortgage
- Atlantic Bay Mortgage Group
- Caine Mitter
- Canopy Mortgage
- Developers Mortgage Company
- Dovenmuehle Mortgage
- EMM Loans LLC
- Essent Guaranty
- Equity Prime Mortgage Group
- Federal Home Loan Bank Chicago
- Flagstar
- GECU Federal Credit Union
- Greenway Mortgage Funding
- Guild Mortgage
- Home Starter
- JMAC Lending
- KWIK Mortgage Corporation
- Loan Star National Bank
- Lakeview Loan Servicing
- Land Home Financial Services
- Leader Bank, N.A.
- MegaStar Financial Group
- MGIC
- Mr. Cooper
- New Rez
- NFM Lending
- Panorama Mortgage Group
- Prosperity Home Loans
- Self-Help Credit Union
- SI Mortgage Company
- Specialty Mortgage Product Solutions
- Stewart Title
- T. Rowe Price Associates Inc.
- United Security Financial Corp
- United Wholesale Mortgage
- U.S. Bank
- U.S. Bank Home Mortgage – HFA Division
- Urban Institute
- Valon Mortgage
- Synergy One Lending
- Zillow Group

## Affordable Housing Advisory Council

Fannie Mae’s Affordable Housing Advisory Council (AHAC), which was established by Fannie Mae’s Charter Act, brings together leaders from different segments of the housing industry, along with Fannie Mae’s senior management, to collaborate and share ideas on how best to support the creation and sustainability of affordable housing. Council members represent a variety of perspectives, including for-profit and nonprofit organizations, single-family and multifamily lenders, public and private entities, academia, and housing policy organizations. Council members serve a two-year term and meet twice a year for a day-long meeting at our headquarters in Washington, D.C.

AHAC's spring 2024 meeting focused on Fannie Mae's next three-year Equitable Housing Finance Plan. AHAC members provided feedback on specific aspects of our Plan and feedback on the housing equity and stability key obstacles. Several AHAC members have provided feedback that Fannie Mae should do more to enable expanded and enhanced pre-purchase housing counseling, which ultimately became an action that we will operationalize in this three-year Plan.

Our 2024 AHAC consisted of representatives from:

- Avanath Capital Management
- Esusu
- Center for Responsible Lending
- Federation of Appalachian Housing Enterprises
- J. Ronald Terwilliger Center for Housing Policy
- Local Initiatives Support Corporation (LISC)
- Melville Charitable Trust
- Movement Mortgage
- National Association of Homebuilders
- National Association of REALTORS®
- National Community Reinvestment Coalition
- National Consumer Law Center
- National Fair Housing Alliance
- Neighborhood Finance Corporation
- NeighborWorks America
- Pulte Financial Services
- Radian
- Rocket
- Southern Management Cos.
- Virginia Housing
- UnidosUS
- Urban Institute National Housing Finance Policy Center

## Have feedback or suggestions on the 2025 – 2027 Equitable Housing Finance Plan?

Provide it here

# Appendix

## Housing Forecast: October 2024

| | 2023 | | | | 2024 | | | | 2025 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 23.1 | 23.2 | 23.3 | 23.4 | 24.1 | 24.2 | 24.3 | 24.4 | 25.1 | 25.2 | 25.3 | 25.4 | 2023 | 2024 | 2025 |
| **SAAR, Thous. Units** | | | | | | | | | | | | | | | |
| **Total Housing Starts** | 1,369 | 1,455 | 1,380 | 1,481 | 1,407 | 1,340 | 1,317 | 1,308 | 1,334 | 1,356 | 1,365 | 1,387 | 1,420 | 1,343 | 1,360 |
| *Percent Change: YoY* | | | | | | | | | | | | | *-8.5* | *-5.4* | *1.3* |
| Single-Family (1 Unit) | 828 | 935 | 972 | 1,060 | 1,062 | 1,004 | 955 | 963 | 978 | 992 | 1,000 | 1,014 | 948 | 996 | 996 |
| *Percent Change: YoY* | | | | | | | | | | | | | *-5.7* | *5.1* | *0* |
| Multifamily (2+ Units) | 541 | 520 | 409 | 421 | 345 | 336 | 362 | 345 | 355 | 364 | 366 | 373 | 472 | 347 | 364 |
| *Percent Change: YoY* | | | | | | | | | | | | | *-13.7* | *-26.5* | *4.9* |
| **Total Home Sales** | 4,953 | 4,885 | 4,702 | 4,526 | 4,863 | 4,883 | 4,659 | 4,755 | 4,993 | 5,165 | 5,319 | 5,469 | 4,756 | 4,772 | 5,236 |
| *Percent Change: YoY* | | | | | | | | | | | | | *-16.1* | *0.3* | *9.7* |
| New Single-Family | 636 | 698 | 682 | 646 | 663 | 696 | 723 | 702 | 710 | 713 | 717 | 721 | 666 | 713 | 715 |
| *Percent Change: YoY* | | | | | | | | | | | | | *3.9* | *7* | *0.4* |
| Existing (Single-Family, Condos/Co-Ops) | 4,317 | 4,187 | 4,020 | 3,880 | 4,200 | 4,187 | 3,936 | 4,053 | 4,283 | 4,453 | 4,602 | 4,748 | 4,090 | 4,060 | 4,521 |
| *Percent Change: YoY* | | | | | | | | | | | | | *-18.7* | *-0.7* | *11.4* |
| **Percent Change: Quarterly YoY, Annual Q4/Q4** | | | | | | | | | | | | | | | |
| **Fannie Mae Home Price Index** | 4.1 | 2.2 | 4.2 | 5.7 | 6.7 | 6.4 | 5.9 | 5.8 | 5 | 4.6 | 4.1 | 3.6 | 5.7 | 5.8 | 3.6 |
| **Percent: Quarterly Avg, Annual Avg** | | | | | | | | | | | | | | | |
| **30-Year Fixed Rate Mortgage** | 6.4 | 6.5 | 7 | 7.3 | 6.7 | 7 | 6.5 | 6 | 5.9 | 5.7 | 5.6 | 5.6 | 6.8 | 6.6 | 5.7 |
| **NSA, Bil. $, 1-4 Units** | | | | | | | | | | | | | | | |
| **Single-Family Mortgage Originations** | 320 | 430 | 411 | 342 | 332 | 439 | 443 | 460 | 421 | 582 | 598 | 540 | 1,503 | 1,674 | 2,142 |
| Purchase | 268 | 368 | 353 | 293 | 263 | 364 | 356 | 322 | 271 | 411 | 445 | 390 | 1,282 | 1,306 | 1,517 |
| Refinance | 52 | 62 | 58 | 48 | 69 | 75 | 87 | 138 | 150 | 171 | 154 | 150 | 221 | 368 | 625 |
| **Refinance Share** *(Percent)* | 16 | 14 | 14 | 14 | 21 | 17 | 20 | 30 | 36 | 29 | 26 | 28 | 15 | 22 | 29 |

October 11, 2024

Note: The Fannie Mae HPI forecast is updated on the first month of every quarter. Interest rate forecasts are based on rates from September 30, 2024; all other forecasts are based on the date above.

Note: All mortgage originations data are Fannie Mae estimates as there is no universal source for market-wide originations data.

Note: Unshaded areas denote actuals. Shaded areas denote forecasts.

Sources: Actuals: Census Bureau, National Association of REALTORS®, Freddie Mac. Forecasts: Fannie Mae Economic & Strategic Research

*Opinions, analyses, estimates, forecasts, beliefs, and other views of Fannie Mae's Economic & Strategic Research (ESR) Group included in these materials should not be construed as indicating Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend on many factors. Although the ESR Group bases its opinions, analyses, estimates, forecasts, beliefs, and other views on information it considers reliable, it does not guarantee that the information provided in these materials is accurate, current, or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results. The analyses, opinions, estimates, forecasts, beliefs, and other views published by the ESR Group represent the views of that group as of the date indicated and do not necessarily represent the views of Fannie Mae or its management.*

## Macroeconomic and housing market assumptions embedded in this Plan

We expect economic growth in 2025 to be 2.0%, a moderate slowdown from the 2.3% GDP growth expected for full-year 2024.[10] Longer-term interest rates are expected to decline over this period but will remain elevated, with mortgage rates, for instance, expected to remain above 5.5% through the end of 2025 (versus the 2015 – 2019 average of 4.0%).

The higher mortgage rate environment will limit home sales, as higher rates and the resulting affordability pressures limit demand and homeowners with below market rates remain reluctant to sell. While we expect total home sales in 2025 to improve from the expected annual sales of 4.8 million units in 2024 to 5.2 million units in 2025, this is expected to remain below the annual average of 6.0 million units in the 2015 – 2019 period. Home price growth is expected to moderate from the 5.8% annual growth expected in 2024 to 3.6% in 2025, as affordability pressures from prolonged higher rates weigh on demand and supply modestly improves. We expect total single-family market mortgage originations to increase from the expected 2024 volume of $1.7 trillion ($1.3 trillion purchase) to $2.1 trillion ($1.5 trillion purchase) in 2025 as homes sales and refinance volumes increase.

Fannie Mae updates its forecast on a monthly basis; subsequent annual addenda to this Plan will include updated forecasts for 2026 and 2027.

## Special purpose credit programs overview

In 1976, Congress expanded the Equal Credit Opportunity Act (ECOA) to prohibit discrimination not only on the basis of sex and marital status, but also age, race, color, religion, national origin, and more. Recognizing that prohibiting discrimination was not sufficient to deal with past harms, Congress added a provision to the law that allows lenders to create special purpose credit programs (SPCPs) that permit loan products tailored to protected groups that might not otherwise meet the lender's typical standards for eligibility.

Fannie Mae's HomeReady First, which is part of Action 1 of this Plan, is an SPCP that seeks to address each of three distinct obstacles that keep many historically underserved people from owning a home: mortgage eligibility, down payment, and closing costs. As further described in Action 1, Fannie Mae also purchases loan originated under lender-sponsored SPCPs as part of this Plan.

In September 2021, Fannie Mae initiated a research project with multiple lenders to assess lender interest in SPCPs, as well as potential challenges and obstacles to their implementation and adoption. We also analyzed geographies with a high concentration of Black and Latino consumers, overlaying these areas with data about housing supply, affordability, historic redlining, legal settlements, and more, all in service of identifying the areas where SPCPs have the best chance of achieving the Plan's objectives. While SPCPs will always be unique to the lender and its community's needs, Fannie Mae's objective is to make our purchase of SPCP loans as routine as any other loans we currently buy.

10 The forecast presented here is based on the Fannie Mae Economic and Strategic Research Group's (ESR's) Oct. 11, 2024, Macro and Housing Forecast.

## Implementation considerations

**Disclaimer.** Implementation of the activities and objectives in Fannie Mae's Equitable Housing Finance Plan may be subject to change based on factors including, without limitation, specific FHFA approval requirements and safety and soundness standards, FHFA guidance and directives, regulatory requirements, Senior Preferred Stock Purchase Agreement obligations, and adverse market or economic conditions, as applicable. While FHFA reviews all proposed plans and updates, this review does not constitute a prior approval of a plan or update or any action described therein. All actions included in a plan or update are subject to all applicable FHFA and other requirements and authorities.

Statements in this report regarding our plans and their expected impact are forward-looking, and future events and outcomes may be materially different as a result of many factors, including the potential for policy changes outside of our control and the factors discussed or identified in "Risk Factors" and in "Forward-Looking Statements" in our most recently filed Form 10-K and our subsequently filed form 10-Qs.

**Appropriateness of pilot activities.** The innovations and actions described in the Plan require Fannie Mae to conduct extensive research and pilots. Pilots involve limited scope testing of hypotheses to compare expected results to actual results and thereby inform decisions regarding broad market rollout. As pilots are developed, we consider many factors, including legal and regulatory requirements, success measures, timelines, and the appropriate market participants with which to partner. At the end of a pilot's lifecycle, we determine whether to stop, continue the pilot to test additional variables, or deploy the innovation to the broader market. Piloting a proposed innovation helps to ensure that the expansion of affordable, sustainable, and healthy housing options for consumers follows a safe and sound structure.

Certain pilots Fannie Mae undertakes are disclosed on Fannie Mae's website, under "Pilot Transparency."

**Seller/Servicer adoption and implementation.** Successful lender implementation and adoption are dependent upon engaging with and gathering input from a diverse set of Sellers and Servicers (i.e., depositories, mortgage banks, credit unions, servicers) and their industry partners (i.e., loan origination systems, point of sale systems, servicing/loss mitigation platforms) to test and learn prior to broad rollout.

- Fannie Mae currently leverages our network of lenders, servicers, counseling agencies, housing finance agencies, education providers, and housing finance industry technology partners to complete research, pilots, and/or staged rollouts of proposed policy, product, and/or service changes. Implementation risks include the inability and/or unwillingness of Seller/Servicers to participate in pilots.

- Prior to broad rollout, each new product, capability, policy, or service undergoes an internal market readiness assessment from cross-functional stakeholders (i.e., legal, marketing, operations, digital alliances, customer support) that review and confirm releases are market-ready from a customer, industry partner, and enterprise perspective.

- Activities must be evaluated for possible notice to FHFA as a "new activity" under the updated New Products and Activities Rule and must also be evaluated in regard to, and implemented in compliance with, FHFA requirements as Conservator.

**Mortgage insurer support.** Successful implementation of new charter-compliant initiatives may depend on the participation of approved mortgage insurer partners that already insure nearly all of our higher loan-to-value loans (greater than 80%) in order to meet our charter requirement.

Approved mortgage insurers have demonstrated their cooperation with us in testing and standardizing innovative guidelines for lenders to underwrite, originate, and service loans based upon a relationship built on transparency of data and ideas. However, implementation risk for a number of items in this plan includes the inability and/or unwillingness of mortgage insurers to participate in new pilots.

Have feedback or suggestions on the
2025 – 2027 Equitable Housing Finance Plan?

Provide it here

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