



Fannie Mae 2020
Manufactured Housing
Loan Purchase

ACTIVITY:

D. Regulatory Activity: MHC with certain pad lease protections (12 C.F.R. § 1282.33(c) (4)).

OBJECTIVE:

1. Conduct research and outreach to determine market opportunities for FHFA's minimum tenant pad lease protections (FHFA Pad Requirements), offer one loan product enhancement, and acquire loans (Test and Learn, Partner and Innovate, Do What We Do Best).

SUMMARY OF RESULTS:

Following are the 2020 Actions under this Objective per the January 1, 2021 Duty to Serve Plan:

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
<input checked="" type="checkbox"/> Acquire 615 units secured by MHC that meet the FHFA Pad Requirements.	•This action was completed in accordance with the Plan. Fannie Mae purchased 12,456 units with FHFA Pad requirements, far exceeding our target.	•N/A
<input checked="" type="checkbox"/> Review the product enhancement to determine its impact in the overall financing decision and to identify potential changes that would further increase loan purchases that meet the FHFA Pad Requirements.	•Fannie Mae has identified potential changes to the program based upon industry outreach, feedback from lenders and borrowers, and lessons learned in 2020. If implemented, these changes would ease the operational burdens of implementing the protections and provide a greater percentage of sites with protections in Manufactured Housing Communities (MHCs).	•N/A

SELF-ASSESSMENT RATING OF PROGRESS:

- Objective met
- Objective exceeded
- Objective partially completed: 75-99% (substantial amount)
- Objective partially completed: 50-74% (limited amount)
- Objective partially completed: 25-49% (minimal amount)



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- Objective partially completed: 0-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

- 50 – Substantial Impact
- 40 – Between Meaningful and Substantial Impact
- 30 – Meaningful Impact
- 20 – Between Minimal and Meaningful Impact
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. How and to what extent were actions under this objective impactful in addressing underserved market needs, or in laying the foundation for future impact in addressing underserved market needs?

Manufactured housing is the largest source of unsubsidized affordable housing in the United States. Residents of Manufactured Housing Communities (MHCs) often own their homes and lease the land underneath. This structure can expose the tenant to potential risks which the Tenant Pad Lease Protections (TPLPs) mitigate.

Through outreach, research, and lessons learned over the past two years, Fannie Mae has developed and refined this product. Fannie Mae consulted with community owners, states, manufactured housing advocates, and lenders to understand the challenges and benefits of adoption of TPLPs. We have learned that requiring owners to convert all leases to include the TPLPs within a community can be onerous, especially in large communities or across large pools of MHCs. We tested several models to incentivize owners who adopted the TPLPs and launched the first product enhancement in 2019. In 2020, we launched new enhancements (as highlighted in the “Multifamily Minute” dated 2/7/2020) to the product based upon lessons learned in 2019 and feedback from the industry. Fannie Mae conducted two-web based training sessions for our Delegated Underwriting and Servicing (DUS®) partners and internal customer engagement teams. Furthermore, we finalized our Master Credit Facility Agreements to enable larger more sophisticated borrowers the ability to incorporate the protections across large pools of their MHCs.

These widespread efforts led Fannie Mae to exceed its goal of 615 units by an overwhelming margin, with a final total of 12,456 units. Fannie Mae’s success in delivering TPLPs through loan product enhancements has led to increased industry standardization of TSLPs and has provided residents with greater stability.

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

Fannie Mae has learned that the market for TPLPs is gaining momentum and becoming a more attractive option for lenders and borrowers. We also learned that borrowers are drawn to the product due to the ease of implementation and the pricing/rebate incentives. Additionally, through credit facility transactions, we have realized the ability to deliver TPLS on a large scale.



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3. (Optional): If applicable, why were all components of this objective not completed?

N/A