



Fannie Mae 2021
Manufactured Housing
Loan Purchase

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively “Non-Traditional Owners”) through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae’s experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

Following are the 2021 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 type="checkbox"/> Finance three Non-Traditionally Owned MHC properties (Resident-owned, government owned, or nonprofit owned), which represents approximately 430 units, and one ROC pilot loan which represents approximately 89 units.	<p>In 2021, Fannie Mae continued efforts to purchase non-traditional owner MHC loans.</p> <p>To identify opportunities to purchase non-traditional MHC loans, we conducted regular outreach to our Delegated Underwriting and Servicing (DUS®) lenders to educate and help expand their reach in the non-traditionally owned MHC market. Despite these efforts, it remains challenging to find transactions that fit into our collective (meaning Fannie Mae and our DUS Lenders) credit parameters regarding property operations, management, and sponsorship. As a result of our efforts, we purchased one MHC loan owned by a non-profit in 2021, but no ROC.</p>	
<input checked="" type="checkbox"/> Conduct outreach activities to identify new potential partners, provide market intelligence, and evaluate opportunities for Fannie	<p>We continue to engage key ROC pilot stakeholders to evaluate the program and make necessary enhancements, if needed. Our pilot</p>	<p>N/A</p>



Fannie Mae 2021
Manufactured Housing
Loan Purchase

<p>Mae to increase volume of Non-Traditionally Owned MHC, including:</p>	<p>partners are currently working on a transaction to submit as part of the ROC pilot, and we anticipate that the application will be submitted in the first quarter of 2022. This is the first submission and requires ongoing review and discussion about the submission process and the appropriate guidelines (i.e., the pilot matrix and coop guidelines). Despite these efforts, the ROC market continues to present challenges in finding transactions that fit into our collective (meaning Fannie Mae and our DUS Lenders) credit parameters regarding property operations, management, and sponsorship.</p>	
<p><input type="checkbox"/> Meet with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.</p>	<p>COVID travel restrictions continue to limit outreach efforts, which are essential to building relationships with non-traditional owners.</p>	
<p><input checked="" type="checkbox"/> Meet with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.</p>	<p>We continue to engage key ROC pilot stakeholders to evaluate the program and make necessary enhancements, if needed. Our pilot partners are currently working on a transaction to submit as part of the ROC pilot, and we anticipate that the application will be submitted in the first quarter of 2022. This is the first submission and requires ongoing review and discussion about the submission process and the appropriate guidelines (i.e., the pilot matrix and coop guidelines). Despite these efforts, the ROC market continues to present</p>	<p>N/A</p>



Fannie Mae 2021
Manufactured Housing
Loan Purchase

	challenges in finding transactions that fit into our collective (meaning Fannie Mae and our DUS Lenders) credit parameters regarding property operations, management, and sponsorship.	
<input checked="" type="checkbox"/> Participate in two key industry conferences.	Fannie Mae participated in the Manufactured Housing Institute Winter Leadership Roundtable in the first quarter of the year and the MHI Annual meeting in the fourth quarter of the year. Additionally, a representative from the Multifamily Economic and Strategic Research presented to a group of manufactured housing industry professionals through a LearnMH webinar in the second quarter of the year.	N/A
<input checked="" type="checkbox"/> Collaborate with Delegated Underwriting and Servicing (DUS®) lenders who are working to expand their reach in the Non-Traditionally Owned MHC market via strategic one-on-one conversations and other means of communication.	Fannie Mae met with multiple DUS lenders to discuss ways to expand non-traditionally owned MHC business	N/A
<input checked="" type="checkbox"/> Work with key ROC Pilot stakeholders to evaluate program parameters and look for opportunities to better align the program with market needs. Finalize case studies and lessons learned about Fannie Mae financed Non-Traditionally Owned properties. Develop and execute a communications plan to inform key MHC industry stakeholders through	Fannie Mae continues to engage bi-weekly with the key ROC pilot stakeholders to evaluate the program to make necessary enhancements, if needed. National Cooperative Bank is comfortable with the terms of the ROC program and anticipates a limited number of deals which fit	N/A



Fannie Mae 2021
Manufactured Housing
Loan Purchase

presentations at industry events and other means of distribution.	our credit parameters in 2022 and beyond. See above for additional details on MHC industry stakeholder communications.	
---	---	--

SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Target partially completed
- No milestones achieved

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

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

Fannie Mae worked to finance three non-traditionally owned MHC properties (resident-owned, government-owned, or nonprofit owned), and one ROC pilot loan through increased outreach in 2021 to encourage additional loan submissions. Despite our efforts, this objective has not been met, even with increased targeted outreach.

- We attended two industry conferences hosted by the Manufactured Housing Institute, including their annual membership meeting in the fourth quarter of the year.
- We attended an additional two conferences, the 2021 Appraisal Institute Annual Conference and the Opportunity Finance Network where additional Duty to Serve objectives were discussed with originators.
- We collaborated with DUS lenders to help expand their reach in the non-traditionally owned MHC market. We identified opportunities to expand non-traditionally owned MHC lending with our MHC product enhancement, which provides reduced cost of capital and reimbursements for third-party reports of up to \$10,000. We also reminded lenders of the availability of the new, low-cost data



Fannie Mae 2021 Manufactured Housing Loan Purchase

available through Data Comp to aid in marketing and pipeline development for non-traditionally owned MHCs loans in five regions of the country.

- We discontinued the COVID escrow reserve requirements on Multifamily loans, including ROC pilot loans, which had made acquisitions onerous.

In 2021, we acquired one loan on a non-profit owned MHC and zero loans through our ROC pilot program.

We continue to engage key ROC pilot stakeholders to evaluate the program and make necessary enhancements, if needed. Our pilot partners are currently working on a transaction to submit as part of the ROC pilot, and we anticipate that the application will be submitted in the first quarter of 2022. This is the first submission and requires ongoing review and discussion about the submission process and the appropriate guidelines. Despite these efforts, the ROC market continues to present challenges in finding transactions that fit into our collective (meaning Fannie Mae and our DUS Lenders) credit parameters regarding property operations, management, and sponsorship.

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

We learned how challenging it continues to be to acquire ROC and non-profit MHC loans. At a market level, the non-traditional ownership segment comprises roughly 2% of the overall MHC market, and many of these deals may fall outside of our established credit parameters for MHC loans. The confluence of the small market size and the unique financing needs of non-traditional owners is likely to continue to present challenges in meeting this Duty to Serve goal.

One challenge that we identified from conversations with ROC is that funding is needed that far exceeds the 90% LTV threshold that is supported by Fannie Mae's ROC pilot. Securing capital depends upon grants or other forms of capital to help cover the cost of acquisition. Securing the capital needed can be challenging for ROCs. Additionally, we now understand that the minimum 50 pad leases to qualify present challenges for small ROCs. Fannie Mae will review credit policy standards to better understand this issue.

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

In 2021, DUS lenders were more focused on their standard business, rather than expanding into the non-traditionally owned MHC space. In addition, COVID travel restrictions continued to limit outreach efforts by lenders, which are essential to building relationships with non-traditional owners. Additionally, for deals in process, COVID further delayed lenders' third-party and collateral due diligence processes.

The purchase money market for ROC loans remains an elusive market segment for us. As mentioned above, the 90% LTV threshold is challenging for ROCs to meet Fannie Mae's credit policy requirements. Additionally, Fannie Mae's collateral standards for MHCs require a minimum 50 pad leases to qualify, and several ROC communities may fall below this threshold. This is an area that Fannie Mae may consider in the future and may consider risk adjustments.

Constraints in the purchase market combined with the relatively small size of the non-traditional owner market generally leaves us dependent upon refinance transactions, which are influenced by a range of exogenous



Fannie Mae 2021
Manufactured Housing
Loan Purchase

factors including the interest rate environment and the ROC's ability to refinance its existing debt. ROCs are generally reticent to pursue refinance opportunities given the high transaction costs and the potential for incurring prepayment penalties if refinances are initiated earlier than agreed upon in the original loan terms.

Fannie Mae did not conduct outreach to prospective non-profit or government owners of manufactured housing communities, as originally anticipated in the above implementation step. The unique needs of these industry stakeholders necessitate thoughtful and consistent engagement which is better suited for in-person engagements such as in-market visits and conferences. We are hopeful that COVID-related travel restrictions will loosen in 2022 and allow us to more successfully engage with this important segment of the market.

In summary, the ROC market presents several challenges that make it difficult to obtain loans. The low supply of eligible deals continues to make acquisitions difficult.



Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2021
Loan Purchase

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

We are currently off track to finance three Non-Traditional Owned MHC properties (Resident-owned, government owned, or nonprofit owned), and one ROC pilot loan, due to the lack of loan submissions and pipeline. To date, we have acquired one (1) Non-Profit Owned MHC and zero (0) ROC pilot loans. We are engaged in the following activities to help increase loan purchases:

- We collaborated with our Delegated Underwriting and Servicing (DUS®) lenders to help expand their reach in the Non-Traditional Owned MHC market. We have identified opportunities to expand their business through the Non-Traditional Owned MHC market using our MHC product enhancement, which provides reduced cost of capital and reimbursements for third party reports of up to \$10,000. We reminded DUS lenders of the availability of the new, low-cost data we've made available through [name of vendor] that can aid in the development of marketing strategies to develop a pipeline of Non-Traditional Owned MHCs loans in five regions of the country.
- We continued working with key ROC Pilot stakeholders to evaluate program parameters such as Covid escrow reserve requirements, good faith deposit requirements, and cost of capital to better align the program with market needs.
- We discontinued the Covid escrow reserve requirements on Multifamily loans including ROC pilot loans which made it difficult for potential loans to comply with the pilot underwriting parameters.
- We conducted bi-weekly calls with pilot stakeholders to evaluate and develop strategies to "win" eligible loans based on the community's needs and lessons learned from previous years.



Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2021
Loan Purchase

Despite our efforts to increase liquidity, loan production is low. We've learned that DUS lenders are focused on their current book of business, due to historically low rates, rather than expanding into the non-traditional space. COVID travel restrictions continue to limit outreach efforts which are essential to building relationships with Non-Traditional Owners. Competition from Bond issuers who can offer lower rates with tax benefits also have been noted by some of our lenders.

ROC pilot loans remain a challenge to acquire. The limited credit tolerance of the pilot and low supply of eligible deals continue to make acquisitions difficult. However, our MF credit team has removed COVID escrow reserve requirements, is willing to offer competitive pricing, and offer Good Faith Deposit waivers as long as the deal conforms with our safety and soundness requirements. Our pilot partners have identified only 1 transaction that is eligible for acquisition in 2021; however, the current debt on this ROC expires in early 2022. Therefore, we are at risk of missing our target of 1 loan in 2021.

Following are the 2021 Actions under this Objective as published in the December 14, 2018 Duty to Serve Plan:

- Conduct outreach activities to identify new potential partners, provide market intelligence, and evaluate opportunities for Fannie Mae to increase volume of Non-Traditionally Owned MHC, including:
 - Finance three Non-Traditionally Owned MHC properties (Resident-owned, government owned, or nonprofit owned), which represents approximately 430 units, and one ROC pilot loan which represents approximately 89 units.
 - Work with key ROC Pilot stakeholders to evaluate program parameters and look for opportunities to better align the program with market needs. Finalize case studies and lessons learned about Fannie Mae financed Non-Traditionally Owned properties. Develop and execute a communications plan to inform key MHC industry stakeholders through presentations at industry events and other means of distribution.
 - Collaborate with Delegated Underwriting and Servicing (DUS®) lenders who are working to expand their reach in the Non-Traditionally Owned MHC market via strategic one-on-one conversations and other means of communication.
 - Participate in two key industry conferences.
-



**Fannie Mae
Manufactured Housing
Second Quarter Report: April 1 - June 30, 2021
Loan Purchase**

- Meet with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.
- Meet with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.

SELF-ASSESSMENT RATING OF PROGRESS:

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

ADDITIONAL INFORMATION (IF APPLICABLE):



**Fannie Mae
Manufactured Housing
Third Quarter Report: July 1 - September 30, 2021
Loan Purchase**

ACTIVITY:

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33(c) (3)).

OBJECTIVE:

1. Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).

SUMMARY OF RESULTS:

We strive to finance three Non-Traditional Owned MHC properties (Resident-owned, government owned, or nonprofit owned), and one ROC pilot loan through increased outreach to encourage additional loan submissions. After reviewing the current pipeline, we realize this task is currently off track, but we continue to combat the situation with increased targeted outreach.

We have acquired one (1) Non-Profit Owned MHC and zero (0) loans in the ROC pilot. We are engaged in the following activities to help increase loan purchases:

- We continue to engage our Delegated Underwriting and Servicing (DUS) lenders to educate and help expand their reach in the Non-Traditional Owned MHC market. Through conversations, we have identified opportunities to expand business through the Non-Traditional Owned MHC market using our MHC product enhancement of reimbursements for third-party reports of up to \$10,000.
- We continue to engage key ROC Pilot stakeholders to evaluate the program and make necessary enhancements, if needed. NCB is comfortable with the terms of the pilot and will submit a file to our DUS system. This is the first submission and requires an ongoing review and discussion about the submission process and the appropriate guidelines (i.e., the pilot matrix or co-op guidelines).
- We conduct ongoing bi-weekly calls with pilot stakeholders to evaluate and develop strategies to “win” eligible loans based on the community’s needs and lessons learned from previous years.



Fannie Mae
Manufactured Housing
Third Quarter Report: July 1 - September 30, 2021
Loan Purchase

Despite our efforts to increase liquidity, loan production is low. DUS lenders are focused on their current book of business, due to historically low rates, rather than expanding into the non-traditional space. COVID travel restrictions continue to limit outreach efforts, which are essential to building relationships with Non-Traditional Owners.

ROC pilot loans remain a challenge to acquire. The limited credit tolerance of the pilot and low supply of eligible deals continue to make acquisitions difficult. However, our MF credit team has removed COVID escrow reserve requirements, offers competitive pricing, and Good Faith Deposit waivers if the deal conforms with our safety and soundness requirements.

Our pilot partners have identified only one transaction that is eligible for acquisition in 2021; however, the current debt on this ROC expires in early 2022. Therefore, we are at risk of missing our target of one loan in 2021.

Following are the 2021 Actions under this Objective:

- Conduct outreach activities to identify new potential partners, provide market intelligence, and evaluate opportunities for Fannie Mae to increase volume of Non-Traditionally Owned MHC, including:
 - Finance three Non-Traditionally Owned MHC properties (Resident-owned, government owned, or nonprofit owned), which represents approximately 430 units, and one ROC pilot loan which represents approximately 89 units.
 - Work with key ROC Pilot stakeholders to evaluate program parameters and look for opportunities to better align the program with market needs. Finalize case studies and lessons learned about Fannie Mae financed Non-Traditionally Owned properties. Develop and execute a communications plan to inform key MHC industry stakeholders through presentations at industry events and other means of distribution.
 - Collaborate with Delegated Underwriting and Servicing (DUS®) lenders who are working to expand their reach in the Non-Traditionally Owned MHC market via strategic one-on-one conversations and other means of communication.
 - Participate in two key industry conferences.



**Fannie Mae
Manufactured Housing
Third Quarter Report: July 1 - September 30, 2021
Loan Purchase**

Meet with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.

Meet with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.

SELF-ASSESSMENT RATING OF PROGRESS:

On-target to meet or exceed the objective

Progress delayed and/or partial completion of the objective expected

Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):