



Fannie Mae 2021
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 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 checked="" type="checkbox"/> Finance 111 MHC properties which provide residents tenant pad lease protections, representing approximately 3,745 units, approximately a 480 percent increase over our Baseline.	In 2021, Fannie Mae financed 280 MHC properties with tenant site lease protections (TSLPs) for residents, totaling 21,039 units, and \$2.33 billion in unpaid principal balance (UPB.) Seventy percent of MHC acquired UPB featured TSLPs in 2021, up from twenty three percent in 2020.	N/A

SELF-ASSESSMENT RATING OF PROGRESS:

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

IMPACT:

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



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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's TSLP program encourages MHC operators to provide residents protections that surpass current state and local requirements. This includes eight protections, such as the right to renewable lease terms, prior written notice of rent increases or of the community's sale or closure, and other protections that enable tenants to more easily sell or choose to rent their manufactured home.

Fannie Mae believes these lease protections are critical in preserving the affordability and stability of housing located in MHCs. We are focused on increasing the number of residents covered by these protections and are proud that the number of loans with TSLPs has grown every year since we launched the TSLP product in 2019. We attribute our success to our ongoing education and outreach strategy. We have also improved our offering to make it easier for borrowers to implement the TSLPs, offered a pricing reimbursement to transactions with TSLPs, and provided up to \$10,000 to borrowers to cover the administrative expenses associated with their implementation. In 2021, 62% of our MHC borrowers elected to include TSLPs in their loans, up from 43% in 2020. In 2021, we financed 280 MHC properties with TSLPs, and our total unpaid principal balance of TSLP loans purchased to date now exceeds \$2.95 billion.

Importantly, as our confidence in the TSLP product has increased throughout the course of our engagements with our DUS lenders and borrowers, we made the decision that mortgage loans secured by a manufactured housing community must require the borrower to implement all of the applicable tenant site lease protections for 100% of the site leases within the MHC within 12 months of the loan origination date. This policy change is effective January 1st, 2022 but internal approvals were generated in the 2021 plan year and the change was communicated to the market via a formal press release in October 2021.

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

Our Multifamily business is committed to expanding and strengthening tenant protections in MHCs, particularly given the unique considerations applicable to their tenants (who own their home but lease the pad on which it sits). Since our program's launch in 2019, our approach has continued to evolve to ensure that our program supports and serves the needs of residents in the communities we finance. Through enhancements to the product execution, Operators are more receptive to TSLPs than we originally expected as they have responded to the reimbursement of up to \$10,000 towards required third-party reports. As a result of consistent improvements made to the product and generally positive feedback from originators and operators, we have made the ambitious decision to require the implementation of all applicable TSLPs for each pad lease in the MHC and will continue to solicit feedback on the product to understand any further opportunities or challenges in responding to this policy change in 2022 and beyond.

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

N/A