



Fannie Mae 2021
Rural Housing
Loan Purchase

ACTIVITY:

A. Regulatory Activity: Housing in high-needs rural regions (12 C.F.R. § 1282.35 (c)(1)).

OBJECTIVE:

1. Fannie Mae will increase single-family loan purchases in high-needs rural regions (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"/> Purchase between 12,000 and 12,500 single-family loans in high-needs rural regions, representing a 16 to 20 percent increase over the Baseline.	Fannie Mae purchased 27,388 loans secured by properties in High Needs Rural Regions (HNRRs), surpassing its goal by 128% and expanding on 2020 volume by 27%.	

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?

Loan purchases are the most direct measure of Fannie Mae’s success in providing affordable capital and liquidity in high-needs rural markets. In 2021, we purchased 27,388 single-family loans in high-needs rural regions (HNRR), more than doubling the 2021 target of 12,000 loans and demonstrating growth over 2020, when we purchased 21,614 loans. As shown in the table below, 64% of the High Needs Rural Duty to Serve loans were made to low- or very low-income borrowers, a higher percentage than in 2020. Additionally, 19% of the loans had loan balances less than \$85,000, 65% had loan balances less than \$150,000, and 20% of the loans were made to first-time homebuyers; all of which are similar percentages to 2020. We observed that about 5 percent of 2021 HNRR loans were MH, and 6 percent were made by rural SFIs.

Delivery Year	Total	HNRR Income Breakout			Deliveries with UPB				HNRR FTH	Delivery Breakout		
		>80 and <=100 % AMI	>50 and <=80 % AMI	<=50 % AMI	With UPB >\$0 and <\$85K	With UPB >=\$85K and <\$100K	With UPB >=\$100K and <\$150K	With UPB >=\$150K	First Time Home buyer	Purchase	Rate/ Term Refi	Cash-Out Refi
2020	21,614	8,177	10,190	3,247	4,170	2,213	7,651	7,580	4,483	8,538	8,106	4,970
2021	27,388	9,758	13,114	4,513	5,146	2,573	9,934	9,732	5,442	9,705	10,321	7,359

Fannie Mae pursued multiple technical assistance (TA) projects intended to increase the pipeline of Duty to Serve-eligible HNRR lending to Fannie Mae in future years. These efforts are described in more detail under HNRR Objective 2, but are briefly summarized here:

- We worked with Housing Assistance Council (HAC) to develop strategies for five lenders serving HNRRs to increase either direct or indirect Fannie Mae lending.
- We supported Renaissance Community Loan Fund (RCLF) in establishing a correspondent channel to begin selling loans to Fannie Mae.

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

As in 2020, the low-interest rate environment contributed to a higher than typical proportion of refinance loans (60% in 2020 and 65% in 2021). But among only purchase money mortgage loans, which Fannie Mae would expect to be less influenced by interest rates, loan purchase volumes have remained atypically high. On average, under this objective, we purchased 809 purchase loans per month in 2021, well above the average of 544 per month over the preceding four years. Given that this strong performance has come in an environment with limited housing supply and historically high home prices, we consider this to be a sign of a healthy business. We cannot be certain of the precise drivers of this success but believe some of it can be attributed to



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the sustained focus on lenders and borrowers in HNRRs over the first four years of the Duty to Serve plan, including some of the activities supporting HNRR lending described under HNRR Objective #2. For example, messages related to a down payment and credit score were most relevant for consumers in HNRRs who interacted with our “Your Own Story” homeownership education campaign. The broad scope of this marketing campaign may have driven incremental awareness of Fannie Mae’s lending products.

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

N/A