



Fannie Mae 2021  
Rural Housing  
Outreach

**ACTIVITY:**

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

**OBJECTIVE:**

2. Increase affordable capital through industry outreach in high-needs rural regions (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 checked="" type="checkbox"/> Develop and employ an engagement strategy to increase the pipeline of qualified homebuyers while continuing to address needs of existing homeowners impacted by COVID-19.	Fannie Mae performed several marketing campaigns to educate borrowers about homeownership and forbearance and partnered with other industry stakeholders to ensure the needs of rural borrowers were met.	N/A
<input checked="" type="checkbox"/> Launch a marketing campaign targeting borrowers at or below 100 percent AMI with a focus on increasing consumer knowledge and dispelling common misconceptions about the homebuying process by highlighting topics like credit scores and down payments. Marketing channels may include paid search, display/social, streaming audio, and animatic videos.	Fannie Mae launched two separate digital marketing campaigns that included specific targeting in high-needs rural regions (HNRRs) for part of 2021.  The "Your Own Story" campaign aimed at increasing the pipeline of borrowers by educating potential homebuyers about the role of credit, down payment options, and the overall process of homebuying. The "Here to Help" campaign promoted loss mitigation options, including mortgage forbearance, to borrowers with hardships related to COVID-19.	N/A



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<input checked="" type="checkbox"/> Develop metrics to measure impact.	<p>Fannie Mae regularly monitored several metrics to track the “Your Own Story” and the “Here to Help” campaigns’ performance, including impressions, click-through rates, landing page interactions, and conversions.</p> <p>Based on findings, we launched a series of non-digital campaigns in rural regions throughout 2021.</p>	<p>N/A</p>
<input checked="" type="checkbox"/> Partner with two organizations in a high-needs rural region that will provide pre-purchase education, job training, counseling or placement services to bolster or sustain homeownership rates. Establish a minimum of two partnerships with non-profit organizations or housing counseling agencies to bolster or sustain homeownership through support of programmatic services. Services could include but are not limited to pre- or post-purchase counseling or education, job training, or loss mitigation education.	<p>Fannie Mae partnered with Rural LISC to continue expanding access to Financial Opportunity Centers (FOCs) located in multiple states across the Lower Mississippi Delta and Middle Appalachia. As part of the partnership, the FOCs received technical assistance and hired a coach to support households impacted by the pandemic. Through our partnership, the FOCs will gain the additional capacity to serve more households.</p> <p>We also partnered with the University of Alabama’s HomeFirst program to provide housing counseling services to households in multiple counties in Alabama. HomeFirst analyzed past participants’ outcomes to inform future enhancements to its strategies. Finally, HomeFirst launched an alternative coaching model to enhance its participants’ experiences and improve outcomes.</p>	<p>N/A</p>



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<p><input checked="" type="checkbox"/> Partner with two organizations to help them train staff or expand mortgage lending or counseling services. Engage a minimum of two rural CDFIs or other mission driven lenders identifying mortgage lending knowledge gaps or opportunities to support housing counseling services to homebuyers and homeowners.</p>	<p>Fannie Mae partnered with the Homeownership Council of America (HCA) to provide two technical assistance assessments aimed at promoting the origination of Fannie Mae-eligible loans by small rural lenders. HCA also provided consultative services to another three Fannie Mae seller servicers to encourage rural lending.</p> <p>We also provided support to Renaissance Community Loan Fund (RCLF), a CDFI serving the Lower Mississippi Delta, to increase staffing and capacity to expand housing counseling and mortgage lending services to all rural areas in Mississippi.</p>	<p>N/A</p>
<p><input checked="" type="checkbox"/> Support business continuity among providers of mortgage credit and affordable housing construction in high-needs rural communities. We will contract with a third party to provide technical support to at least two rural housing organizations. This technical assistance could include webinars on offering remote services, one-on-one support with budgets and revising business plans in light of COVID-19 related economic challenges.</p>	<p>Through an engagement with Housing Assistance Council (HAC), Fannie Mae provided technical assistance to four organizations operating in HNRRs. Specifically, a business continuity assessment examined recent challenges and recommended steps to take in 2021 and beyond to mitigate future challenges, including loan product trainings, grant applications, and applications for various types of loans.</p>	<p>N/A</p>



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**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?**

By engaging with numerous stakeholders in high needs rural regions (HNRRs), Fannie Mae generated immediate and future impact for consumers, lenders, and other stakeholders in various ways.

- To support consumers in these markets, we utilized marketing campaigns and partnerships with financial education providers. Through our own marketing campaigns in HNRRs, we received 70 thousand clicks on our ads, driving them to more information related to homebuyer education and options for those struggling to make payments.
- The partnership with Rural LISC, which resulted in support for an existing FOC in Louisiana and establishment of a new FOC in Kentucky, directly led to coaching for 53 consumers in HNRRs. The vast majority of these consumers were African American, and more than half of recipients received support on digital inclusion, which included low-cost internet access. Of these clients, 85% recorded an average increase in their personal net worth of more than \$10,000.
- With the support of our partnership, HomeFirst we added 17 new participants in 2021, resulting in an average participant savings of \$2,455 and average of \$255 in debt reduction. In total, HomeFirst coaches and staff completed 95 coaching meetings and completed 76 financial coaching modules in 2021. Additionally, building on the foundation that we have helped them establish, the University of Alabama continued to look for ways to add capacity for financial wellness and homebuyer readiness, which included being approved for USDA funding to increase services in Green County, Alabama.
- We also supported several organizations to improve their ability to serve their respective HNRR markets. While some of these activities resulted in HNRR loan purchases, these partnerships were not expected nor intended to generate significant 2021 loan deliveries. Rather, they served to explore possible methods for cultivating future borrowers and lenders in these markets.



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- Our work with RCLF allowed them to reach several important milestones, including, but not limited to, hiring and training loan origination staff to focus on parts of Mississippi previously outside of its service area, establishing a correspondent relationship with a large CDFI through which they can sell loans to Fannie Mae, and creating a new loan product consistent with Fannie Mae's Community Seconds structure. According to RCLF, activities stemming from this partnership contributed to a 52 percent increase in mortgage ready clients and a substantial increase in their HNRR lending.
- HCA provided tailored and in-depth support for two lenders seeking to begin originating GSE-eligible loans with the goal of indirectly delivering them to Fannie Mae. In addition, HCA provided services to a recently approved Fannie Mae seller-servicer to establish policies and procedures, and also provided technical assistance to two Fannie Mae seller-servicers pursuing small dollar mortgage lending initiatives in HNRRs. However, most of those engagements took place in late 2021, so we cannot yet track resulting loan purchase activity but intend to do so in 2022.
- Finally, our work with HAC provided about 350 total hours of technical assistance to four rural nonprofit housing organizations to identify and address challenges, particularly those related to business continuity amidst the pandemic.

Finally, separate from any commitments we made in our 2021 Plan, we proactively expanded on work to support the HNRR markets begun in prior years. We authored an article about the 2020 Colonias Investment Areas concept for CityScape, a research publication from HUD. We also updated the definition for Colonias Investment Areas by updating it with newly available Census data.

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

The partnerships Fannie Mae built and maintained under this objective offered several lessons that will inform Fannie Mae's future activities in HNRRs. A key takeaway across all of the engagements is the need for additional capacity among rural organizations to meet the needs of homeowners and prospective homebuyers. The demand for services and financing is clear, but the organizations we partnered with this year needed to make investments in staff, processes, and in their offerings to begin meeting the demand.

Moreover, significant investment in household economic and financial health is needed long before consumers can actively pursue homeownership. The demand for job placement and financial coaching is notable across the HNRRs, and we observed this through our work with Rural LISC in Middle Appalachia and with HomeFirst in the Lower Mississippi Delta.

While we are pleased with the 2021 results, there is still room to iterate and improve offerings in the financial coaching space. For example, through our 2021 partnership, HomeFirst reviewed alternative models such as utilizing a combination of volunteer coaches and compensated coaches to test different approaches for delivering services.

Finally, our partnerships with organizations supporting lenders serving these regions revealed that lenders of various sizes, business models, and locations are interested in finding a way to originate conventional loans for



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borrowers in their communities who can qualify and benefit. However, the strategy for initiating a sustainable conventional lending business can vary substantially, requiring tailored action plans for each lender. Moving forward, it will be critical to find a way to distribute technical assistance efficiently and at scale to support rural lenders that want to begin originating loans eligible for sale to Fannie Mae.

We learned from our marketing efforts that several interventions for loans at risk of pandemic-related hardship could be effective in HNRRs. For example, in May, we initiated a direct mail marketing campaign to over 15,000 consumers that was intended to spread awareness of forbearance options. This campaign appears to have been successful in improving the rate at which these borrowers subsequently utilized forbearance. However, of the 550 direct mail recipients located in HNRRs, the size of this improvement was slightly smaller than for the direct mail recipients located outside of HNRRs.

We also learned that engaging with rural borrowers through digital channels can be effective but has its limits. While we are pleased to have engaged consumers in HNRRs with our “Here to Help” and “Your own Story” marketing campaigns, engagement metrics still underperformed relative to non-rural markets. Across both digital marketing campaigns, rural populations were three times less likely to click on the ad and 14 times less likely to engage deeply with the associated resources (such as watching a video).

We decided to pursue alternative delivery channels to attempt to reach these consumers. We launched a radio marketing campaign in late 2021 that will extend into 2022, which will allow us to assess the effectiveness of a non-digital marketing channel to rural borrowers. In 2021, we decided to test of radio advertising in Middle Appalachia, where trends in servicing outcomes suggested an acute need, but we intend to explore other geographies in 2022.

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

N/A