



Fannie Mae 2021
Rural Housing
Outreach

ACTIVITY:

C. Regulatory Activity: Financing by small financial institutions of rural housing (12 C.F.R. § 1282.35(c) (3)).

OBJECTIVE:

3. Gain an understanding of the challenges and opportunities for small financial institutions in rural areas through outreach (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>
Support capacity of small financial institutions to meet the needs among rural borrowers impacted by COVID-19.	All of the underlying activities associated with this action contributed to the completion of this objective's target.	N/A
Conduct a minimum of two trainings of Fannie Mae's servicing decisioning software, Servicing Management Default Underwriter™ (SMDU™), providing homeowners with efficient and consistent solutions.	We conducted four training sessions in March and April with participation from a total of 183 distinct servicers that serviced SFI-originated loans. Many of these servicers were SFI originators themselves.	N/A
Raise awareness of the "Non-Delegated Loss Mitigation Team" for submission of nonapproved SMDU files when additional solutions are needed for borrowers.	In two of the four training sessions, the topic was Loss Mitigation and Reporting and the process for engaging with the Non-Delegated Loss Mitigation team was discussed extensively.	N/A
Engage a minimum of 10 small financial institutions, identifying knowledge gaps or opportunities to better understand the challenges of servicing loans.	Organized a virtual SFI Roundtable with 15 servicers of SFI loans. The format of this event was conversational; and we covered a number of topics including resources for finding law firms with experience in GSE servicing and	N/A



Fannie Mae 2021
Rural Housing
Outreach

	recent developments like the Homeowners Assistance Fund.	
Train a minimum of 10 small financial institutions on loss mitigation options upon forbearance expiration.	During the same Roundtable, we dedicated a portion of the meeting to Fannie Mae’s loss mitigation processes, in particular discussing options for loans that exceed the maximum amount of forbearance.	N/A
Provide homeowners with reliable and up-to-date information on resources and options.	Fannie Mae’s publicly available resources for homeowners on knowyouroptions.com contain information on a wide variety of topics. We directed rural homeowners to these resources with two distinct digital marketing campaigns.	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



Fannie Mae 2021 Rural Housing Outreach

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?

Beginning in 2020, Fannie Mae has been cognizant about potential pandemic-related challenges that face rural borrowers, including those with loans originated by SFIs. Specifically, an internal analysis revealed the borrowers of loans originated by rural SFIs were less likely to utilize forbearance than other borrowers and were also more likely to be delinquent than other borrowers. While the exact reasons for these differences are unclear, we believe it is plausible that servicers of SFI-originated loans could help address these discrepancies.

With this hypothesis in mind, we planned a series of servicer training webinars for the early part of 2021 as well as a smaller, virtual SFI servicer roundtable in the later part of the year to give these servicers resources to address the discrepancies noted above. The former attracted participants representing 183 distinct servicers of these loans, including many SFIs themselves. The latter included 15 servicers of SFI-originated loans and allowed us to discuss topics in a more conversational manner than the webinar format.

Because the webinar trainings occurred in March and April, it allowed us to conduct some quantitative analysis on whether they improved the low forbearance take-up rates in this population. Encouragingly, we can conclude that, compared to servicers that did not participate in the trainings, those that did displayed a statistically significant relative improvement in forbearance take-up, suggesting our efforts provided measurable value to consumers.

In addition to servicer outreach, we also reached out to rural homeowners and potential homeowners with information and resources available on our website and promoted through various marketing campaigns. Due to the nature of geographic targeting, of the two populations, it was more practicable to target borrowers in HNRRs than to target SFI borrowers. As about nine percent of HNRR loans are originated by SFIs, it is worth highlighting some of the impact of the HNRR marketing campaigns. Specifically, the HNRR component of the “Here to Help Homeowners” campaign resulted in over 35 thousand “clicks”, or interactions, with our ads, connecting consumers to pandemic-related loss mitigation resources.

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

While we did not have randomly assigned a control and treatment groups, servicers that took part in our loss mitigation training produced more forbearances and fewer delinquencies, compared to servicers that did not take part. According to a multivariate model that included measures of creditworthiness, income, and region, servicers that received the training were 25% more likely to get loans that were more than 60 days delinquent into forbearance. However, we must note that, because participating lenders were not chosen at random, some amount of this difference may be due to selection bias.

We can build on this learning in two ways. First, we can be confident that well designed lender outreach, in this case webinar training, can translate to improved outcomes for consumers. This will encourage future efforts. Second, because of the issues with selection bias, we intend to more carefully construct treatment and control



Fannie Mae 2021 Rural Housing Outreach

groups (when possible and ethical) to enable us to identify potential causal links between our actions and important outcomes.

Regarding the roundtable, our focused discussion with a small handful of servicers specializing in this market revealed a few key actionable learnings, in addition to generally strengthening our relationships with servicers in this market:

- Fannie Mae can provide Roundtable participants educational materials on the Homeowners Assistance Funds (HAF) program, including resources from Treasury and our own Lender Letter 2021-04, which provides guidance to servicers to participate in HAF programs for eligible borrowers
- Fannie Mae can provide resources for servicers researching law firms with experience in GSE lending and direct servicers to portions of the Servicing Guide that reference how to select and retain law firms.
- Fannie Mae can provide Roundtable participants information on non-delegated path for loans that need more than 18 months of forbearance, including references to relevant portions of the Servicing Guide and contact information for the loss mitigation team

On the marketing side, we learned that engaging with rural borrowers through digital channels can be effective but also has its limits. As mentioned, two nationwide digital marketing campaigns also featured a disproportionate focus on certain rural markets. Across both marketing campaigns, as compared to non-rural populations, 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). In response to this learning, we launched a non-digital marketing campaign in late 2021 that will extend into 2022, which will allow us to assess the effectiveness of various non-digital marketing channels to rural borrowers.

3. (Optional): If applicable, why was the Enterprise unable to achieve the Plan target?

N/A