



CONTROLLED

## Federal Housing Finance Agency

### MEMORANDUM

MEETING PURPOSE/  
OBJECTIVE The purpose of this meeting was for Fannie Mae to discuss the Proposed Rule -- Exception to Restrictions on Private Transfer Fee Covenants for Loans Meeting Certain Duty To Serve Shared Equity Loan Program Requirements -- published on September 26, 2023.

DATE November 3, 2023

TIME 4:30 – 5:00 PM ET

LOCATION Online via Microsoft Teams

PARTICIPANTS FHFA: Arun Barman, Marcea Barringer, Rebecca Cohen, Sara Todd  
Fannie Mae: Joyce Amoo, James Anderson, Seema Radhakrishnan

*Prior to the call, FHFA notified Fannie Mae that FHFA staff would be taking notes and would prepare and post a summary of the discussion in the public comments file for the Proposed Rule. Fannie Mae subsequently submitted an official comment letter, which is available at <https://www.fhfa.gov/SupervisionRegulation/Rules/Pages/Comment-List.aspx?RuleID=773>.*

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Fannie Mae requested this meeting to share initial concerns that the Proposed Rule's screen for compliance with the shared equity loan program criteria (other than the 100 percent of Area Median Income (AMI) limit) in the Duty to Serve regulation would create a bifurcated path for shared equity homeownership loan deliveries. Fannie Mae noted that it had reviewed shared equity plan documents for over 100 programs, and about two-thirds of them include private transfer fees. The fees charged by program sponsors range between 1 percent and 3 percent of the loan amount, and are unlikely to cover the sponsor's costs.

Fannie Mae indicated that it wants to simplify and streamline financing and delivery of shared equity loans. Fannie Mae stated that the shared equity loan programs are already complex, and imposing the screen for private transfer fees and the proposed Duty to Serve compliance screen could further complicate loan deliveries.

Specifically, upon delivery of a shared equity homeownership loan, Fannie Mae would need to determine whether the loan has a private transfer fee covenant. If there is a private transfer fee covenant, Fannie Mae then would need to determine whether the loan meets the Duty to Serve shared equity loan program criteria (except for the 100 percent of AMI limit). Fannie Mae indicated that not requiring the proposed Duty to Serve compliance screen in the Final Rule would facilitate smooth shared equity loan deliveries. Fannie Mae stated that while it is focused

on the Duty to Serve market, it is also trying to serve the broader shared equity homeownership market.

FHFA asked follow-up questions about hypothetical consequences of not requiring the proposed Duty to Serve compliance screen in the Final Rule, but did not commit to considering or including this change in the Final Rule. FHFA also discussed having Fannie Mae provide a “roadmap” of the shared equity homeownership loan delivery process.