



REQUEST FOR INPUT:
FANNIE MAE AND FREDDIE MAC PROPOSED
2022-2024 DUTY TO SERVE PLANS

May 18, 2021



Division of Housing Mission and Goals

Table of Contents

Table of Contents..... i

Introduction 2

Background 2

Overview of Plan Development Process 2

Input Questions on the Proposed 2022-2024 Plan Activities and Objectives 4

 A. Objectives in Fannie Mae’s Proposed 2022-2024 Plan 5

 B. Objectives in Freddie Mac’s Proposed 2022-2024 Plan 8

Public Input Instructions..... 10



Introduction

The Federal Housing Finance Agency (FHFA) requests public input on proposed 2022-2024 Duty to Serve (DTS) Underserved Markets Plans (Plans) prepared by Fannie Mae and Freddie Mac (the Enterprises).

Background

The Housing and Economic Recovery Act of 2008 amended the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to establish a duty for the Enterprises to serve three specified underserved markets – manufactured housing, affordable housing preservation, and rural housing – by increasing the liquidity of mortgage investments and improving the distribution of investment capital available to facilitate a secondary market for residential financing for very low-, low-, and moderate-income families in those underserved markets.¹

The DTS regulation, which implements the statutory provisions, requires the Enterprises to prepare Plans detailing the specific objectives and activities they plan to implement to fulfill the DTS mandate.² This request seeks public input on activities and objectives proposed by the Enterprises to be implemented under their 2022-2024 Plans. The DTS regulation requires FHFA to post proposed Plans [on FHFA's website](#) as soon as practical after submission to FHFA for review, with public input pursuant to the timeframe and procedures established by FHFA.³

Overview of Plan Development Process

The DTS regulation specifies that each Enterprise must submit a three-year Plan to FHFA describing the activities and objectives the Enterprise will undertake to serve each of the three underserved markets.⁴ The proposed Plans were due to FHFA on May 3, 2021, and revised proposed Plans will be due after the conclusion of this public input period, in October 2021. Assuming the revised plans meet all applicable requirements, FHFA would expect to issue Non-Objections to the underserved markets in the Enterprises' revised proposed Plans, where appropriate, by the end of 2021.

¹ 12 U.S.C. 4565.

² 12 CFR 1282.32.

³ 12 CFR 1282.32(g)(2), (g)(3)(ii). [Click here](#) to download Fannie Mae's proposed 2022-2024 Plan; [click here](#) to download Freddie Mac's proposed 2022-2024 Plan.

⁴ 12 CFR 1282.32(a), 1282.32(b).



Request for Input: Fannie Mae and Freddie Mac Proposed 2022-2024 Duty to Serve Plans

For an underserved market in a Plan to receive a Non-Objection, all of the following requirements must be satisfied:⁵

1. The concept score for each objective in the market over the three-year period of the Plan is 30 or higher.
2. Each Plan year contains a minimum number of activities that include at least one loan purchase objective, as set forth in Table 1:

Table 1. Minimum Number of Activities with at Least One Loan Purchase Objective

Underserved Market	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)
Manufactured Housing	2	2	2
Rural Housing	3	3	3
Affordable Housing Preservation	6	6	7

3. The Enterprise has demonstrated that it made good faith efforts to: (1) evaluate the public input received on its proposed Plan, (2) incorporate the input where appropriate, and (3) incorporate the formal comments that FHFA provided to the Enterprise on its proposed Plan.

In addition, each Enterprise must consider a minimum number of Statutory or Regulatory Activities for each underserved market, as designated by FHFA in the Evaluation Guidance and set forth in Table 2.⁶ To “consider” an activity, an Enterprise must either include the Activity and related objectives in its Plan, or explain in its Plan the reasons it has chosen not to undertake the Activity.

Table 2. Minimum Number of Statutory and Regulatory Activities Considered

Underserved Market	Minimum Number of Activities Considered
Manufactured Housing	4
Rural Housing	7
Affordable Housing Preservation	4

Upon the issuance by FHFA of a Non-Objection to an underserved market in a Plan, that section of the final Plan will be posted on FHFA’s and the Enterprise’s respective public websites, with any confidential and proprietary data and information omitted.

⁵ Evaluation Guidance 2020-4a, pp. 18-19.

⁶ Evaluation Guidance 2020-4a, p. 6.



Input Questions on the Proposed 2022-2024 Plan Activities and Objectives

FHFA requests input from all interested parties on any or all of the following questions to inform FHFA's review of each Enterprise's proposed 2022-2024 Plan activities and objectives.

1. Do the proposed 2022-2024 Plan activities and objectives address the most relevant obstacles to liquidity in the applicable underserved market?
2. Are the proposed Plan objectives likely to increase liquidity in the applicable underserved market segment?
3. Are there specific actions the Enterprises should consider adding to their Plans to address challenges related to the COVID-19 pandemic?
4. Are there specific actions the Enterprises should consider adding to their Plans in response to housing provisions in the American Rescue Plan Act of 2021, such as the Rental Assistance program, the Homeowner Assistance Fund, funding for housing assistance and supportive services programs for Native Americans, or emergency assistance for rural housing?
5. Are there other activities and objectives the Enterprises should consider adding to their Plans?
6. Should the Enterprises adjust the methodology used to set loan purchase baselines for 2022-2024 given the historically high volume of single-family mortgage refinances and the very strong performance of the affordable multifamily rental market in 2020?
7. Should the Enterprises include additional explanation of how FHFA regulations, policies, and directives impact their proposed Plan activities and objectives?
8. What other market conditions should FHFA consider when assessing the proposed Plan activities and objectives?
9. Are there any safety and soundness concerns related to the proposed Plan activities and objectives?
10. What additional information might be helpful in evaluating the proposed Plan activities and objectives?
11. Is there any other feedback on the proposed Plans that FHFA or the Enterprises should consider?

A unique identifier has been given to each proposed Plan objective that identifies the objective by Enterprise, applicable underserved market, activity, and objective number— *e.g.*, FN_MH_RealProp_1. Please include this unique identifier in your response. Responses should be as specific as possible when referring to individual activities and objectives.



A. Objectives in Fannie Mae's Proposed 2022-2024 Plan

Fannie Mae has submitted the following 30 objectives in its proposed 2022-2024 Plan:

Manufactured Housing

Activity A: Support Manufactured Homes Titled as Real Property (MHRP)

- **FN_MH_RealProp_1:** Acquire Purchase Money Mortgage (PMM) Loans Secured by MHRP.
- **FN_MH_RealProp_2:** Explore Opportunities to Facilitate Financing of Loans Secured by MHRP Located in Certain Manufactured Housing Communities.
- **FN_MH_RealProp_3:** Expand on Prior Efforts to Facilitate Financing of Loans on Homes Secured by MHRP Located in Fee Simple Developments.
- **FN_MH_RealProp_4:** Maintain Manufactured Housing Industry Engagement through Outreach, Publication of Research and Resources, and Consideration of Policy Changes and Variances that Respond to Feedback.

Activity B: Manufactured Housing Communities (MHCs) Owned by a Governmental Entity, Nonprofit Organization, or Residents

- **FN_MH_CommGovt_1:** Increase Loan Purchases of MHCs Owned by Government Entities, Nonprofit Organizations, or Residents.

Activity C: Manufactured Housing Communities with Certain Pad Lease Protections

- **FN_MH_CommPad_1:** Increase the Number of Loan Purchases of MHCs with Tenant Site Lease Protections.

Affordable Housing Preservation

Activity A: The Project-based and Tenant-based Rental Assistance Housing Programs under Section 8 of the U.S. Housing Act of 1937, 42 U.S.C. § 1437f

- **FN_AHP_Sec 8_1:** Provide a Steady Source of Capital and Liquidity through the Purchase of Loans Secured by Project-Based Section 8 Properties.

Activity B: The Rural Rental Housing Program under Section 515 of the Housing Act of 1949, 42 U.S.C. § 1485

- **FN_AHP_Sec 515_1:** Promote Greater Preservation of USDA Section 515 Properties through Loan Purchases.
- **FN_AHP_Sec 515_2:** Support Technical Assistance Programs that Facilitate the Preservation of Section 515 Properties.



Request for Input: Fannie Mae and Freddie Mac Proposed 2022-2024 Duty to Serve Plans

Activity C: Low-Income Housing Tax Credits (LIHTC) under Section 42 of the Internal Revenue Code of 1986, 26 U.S.C. § 42

- **FN_AHP_LIHTC_1:** Increase Liquidity to the LIHTC Debt Market by Purchasing Loans Secured by LIHTC Properties.

Activity D: Other Comparable State or Local Affordable Housing Programs

- **FN_AHP_State Local_1:** Purchase Loans Secured by Properties under State or Local Affordable Housing Programs.

Activity E: HUD Rental Assistance Demonstration (RAD) Program

- **FN_AHP_RAD_1:** Purchase Loans for RAD Properties.

Activity F: Finance Improvements on Multifamily Properties: (a) which Reduce Energy or Water Consumption by Tenant or Property by at least 15%; and (b) where the Savings Generated over the Improvement's Expected Life will Exceed its Cost

- **FN_AHP_MF Energy_1:** Increase Market Awareness and Understanding of Energy and Water Efficiency Improvements and Financing through Industry Outreach, Research, and Evaluation.

Activity G: Energy or Water Efficiency Improvements on Single-family, First Lien Properties that Meet the FHFA Criteria

- **FN_AHP_SF_Energy_1:** Expand Research and Enhance Data to Better Identify and Track Key Characteristics for Loans on Properties that Include Energy and Water Efficiency Improvements.
- **FN_AHP_SF_Energy_2:** Reduce Homeowner Utility Costs through Loan Product Enhancements that Allow Homeowners to Finance or Refinance Energy and Water Improvements.
- **FN_AHP_SF_Energy_3:** Increase the Purchase of Mortgage Loans that Finance Energy and Water Improvements or Refinance Existing Energy Debt.

Activity H: Shared Equity Programs for Affordable Housing Preservation

- **FN_AHP_Shared Eq_1:** Promote Best Practices and Standardization for Shared Equity Programs through a Model Deed Restriction and a Certification System for Shared Equity Programs.
- **FN_AHP_Shared Eq_2:** Increase the Purchase of Mortgage Loans that Finance Shared Equity Homes.



Activity I: Purchase or Rehabilitation of Certain Distressed Properties

- **FN_AHP_Distressed_1:** Improve the Dispositioning of Distressed Properties through Research and New Product Development Specifically Focusing on Vacant and Abandoned Properties.
- **FN_AHP_Distressed_2:** Increase the Acquisition of Distressed Properties by Owner-Occupants through Outreach and New Product Development Focused on Purchasing Distressed Properties by Shared Equity Programs.

Activity J: Residential Economic Diversity (RED) Activity

- **FN_AHP_RED_1:** Purchase Affordable Loans to Add Liquidity to the Market in FHFA-Determined, RED-Eligible High Opportunity Areas.
- **FN_AHP_RED_2:** Create Opportunity by Conducting and Supporting Research and Education Related to Affordable Housing in High Opportunity Areas.

Rural Housing

Activity A: Housing in High-needs Rural Regions

- **FN_R_HN Reg_1:** Increase Liquidity in High-Needs Rural Regions through Multifamily Loan Purchases.
- **FN_R_HN Reg_2:** Acquire Single-Family Purchase Money Mortgage (PMM) Loans in High-Needs Rural Regions.
- **FN_R_HN Reg_3:** Improve Access to Affordable Financing for Underserved Homebuyers.

Activity B: Housing for High-needs Rural Populations

- **FN_R_HN Pop_1:** Support Technical Assistance Programs that Enhance the Development Capacity of Organizations Serving High-Needs Rural Populations.
- **FN_R_HN Pop_2:** Create Additional Homeownership Opportunities for High-Needs Populations by Strengthening Native CDFIs' Lending Capacity and Skill Set to Operate in the Secondary Mortgage Market.
- **FN_R_HN Pop_3:** Champion Efforts that Promote or Sustain Homeownership for Native American Populations.

Activity C: Financing by Small Financial Institutions (SFIs) of Rural Housing

- **FN_R_Small Fin Inst_1:** Acquire Single-Family Purchase Money Mortgage (PMM) Loans in Rural Areas from SFIs.



Activity D: Invest in LIHTC Properties to Facilitate the Provision of Affordable Multifamily Housing in Rural Areas

- **FN_R_LIHTC (Rural)_1:** Invest in LIHTC Properties in Rural Areas.

B. Objectives in Freddie Mac's Proposed 2022-2024 Plan

Freddie Mac has submitted the following 27 objectives in its proposed 2022-2024 Plan:

Manufactured Housing

Activity 1: Support for Manufactured Housing Titled as Real Property

- **FR_MH_Real Prop_A:** Increase Single-Family Loan Purchases of Manufactured Housing Titled as Real Property
- **FR_MH_Real Prop_B:** Design New Product Flexibilities to Facilitate the Origination of Mortgages Securing Manufactured Housing Titled as Real Property in Tribal Areas
- **FR_MH_Real Prop_C:** Support Growth in the Market for Manufactured Homes through Research and Outreach

Activity 2: Manufactured Housing Communities Owned by a Governmental Entity, Non-profit Organization, or Residents

- **FR_MH_Comm Govt_A:** Purchase Resident-Owned Community Loans

Activity 3: Manufactured Housing Communities with Certain Pad Lease Protections

- **FR_MH_Comm Pad_A:** Purchase Loans that Institute Duty to Serve Tenant Pad Lease Protections

Rural Housing

Activity 1: Support for High-Needs Rural Regions

- **FR_R_HN Reg_A:** Increase Single-Family Loan Purchases in High-Needs Rural Regions
- **FR_R_HN Reg_B:** Develop Product Enhancements to Increase Origination of Conventional Mortgages from Community Development Financial Institutions
- **FR_R_HN Reg_C:** Facilitate Thought Leadership and Research Related to Housing and Mortgage Financing in Rural Communities
- **FR_R_HN Reg_D:** Engage in LIHTC Equity Investment



Activity 2: Support for High-Needs Rural Populations

- **FR_R_HN Pop_A:** Facilitate Conventional Lending to Members of Federally Recognized Native Tribes in Tribal Areas
- **FR_R_HN Pop_B:** Engage in LIHTC Equity Investment

Activity 3: Financing by Small Financial Institutions of Rural Housing

- **FR_R_Small Fin Inst_A:** Increase Loan Purchases from Small Financial Institutions Serving Rural Regions

Activity 4: Small Multifamily Rental Properties in Rural Areas

- **FR_R_Small MF_Rental_A:** Engage in LIHTC Equity Investment for 5- to 50-Unit Properties in Rural Areas

Activity 5: Support Multifamily Properties in All Rural Areas

- **FR_R_MF Prop_A:** Purchase Loans to Preserve Properties with USDA Section 515 Debt
- **FR_R_MF Prop_B:** Engage in LIHTC Equity Investment in All Rural Areas
- **FR_R_MF Prop_C:** Publish Research Analyzing Rural Markets Experiencing or Planning for Economic Strength and Demand for Multifamily Housing

Affordable Housing Preservation

Activity 1: Low Income Housing Tax Credits (Debt)

- **FR_AHP_LIHTC_A:** Provide Liquidity and Stability Through LIHTC Loan Purchases

Activity 2: Section 8

- **FR_AHP_Sec 8_A:** Provide Liquidity and Stability Through Section 8 Loan Purchases

Activity 3: Section 515

- **FR_AHP_Sec 515_A:** Purchase Loans to Preserve Properties with USDA Section 515 Debt

Activity 4: Financing of Small Multifamily Rental Properties

- **FR_AHP_MF Rental_A:** Purchase/Guarantee Seasoned Small Balance Loans for Small Multifamily Properties from Small Financial Institutions

Activity 5: Support for Residential Economic Diversity

- **FR_AHP_RED_A:** Purchase Loans on Properties that Support Residential Economic Diversity



Request for Input: Fannie Mae and Freddie Mac Proposed 2022-2024 Duty to Serve Plans

- **FR_AHP_RED_B:** Publish Research Analyzing Recently Implemented Upzoning Programs and Implications for Increased Housing and Resident Opportunity

Activity 6: Comparable State and Local Affordable Housing Programs

- **FR_AHP_State Local_A:** Purchase Loans with State and Local Programs

Activity 7: Sustainability and Resiliency

- **FR_AHP_Sustainability_A:** Conduct Analysis and Publish a Report on State Climate Incentive Programs and Policies

Activity 8: Financing of Energy- and/or Water-Efficiency Improvements on Single-Family Properties

- **FR_AHP_SF Energy_A:** Develop Automation and Industry Standards to Support Loan Purchases on Energy-Efficient First-Lien Properties

Activity 9: Support for Shared Equity Programs for Affordable Housing Preservation

- **FR_AHP_Shared Eq_A:** Increase Loan Purchases of Shared Equity Mortgages
- **FR_AHP_Shared Eq_B:** Design New Product Flexibilities to Facilitate the Origination of Shared Equity Mortgages

Public Input Instructions

FHFA will accept public input on this request for input no later than July 16, 2021. Submissions may be delivered by one of the following two ways:

(1) Submitted to the DTS webpage at

<https://www.fhfa.gov/PolicyProgramsResearch/Programs/Pages/Duty-to-Serve.aspx>; or

(2) Addressed to Marcea Barringer, Senior Policy Analyst, Attention: Duty to Serve 2022-2024 RFI, Federal Housing Finance Agency, Eighth Floor, 400 Seventh Street, S.W., Washington, D.C. 20219. Please note that all mail sent to FHFA via U.S. Mail is routed through a national irradiation facility, a process that may delay delivery by approximately two weeks. For any time-sensitive correspondence, please plan accordingly.

Submissions to FHFA will be publicly posted without change, including personal information such as name, street address, email address, and telephone number.

