Fannie Mae®

Duty to Serve Underserved Markets Plan for the Manufactured Housing Market

Effective January 1, 2021

Disclaimer

Implementation of the activities and objectives in Fannie Mae’s Duty to Serve Underserved Markets Plan may be subject to change based on factors including FHFA review for compliance with the Charter Act, specific FHFA approval requirements and safety and soundness standards, the final terms of FHFA’s Enterprise Regulatory Capital Framework rule, and market or economic conditions, as applicable.

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I. Fannie Mae's Strategic Priorities for the Manufactured Housing Market

In 2015, Fannie Mae began to engage in a variety of outreach activities designed to gather information from market stakeholders about challenges and possible solutions in the three Duty to Serve underserved markets. This included the single-family manufactured housing and the multifamily Manufactured Housing Communities (MHC) markets.

- We held manufactured housing roundtables, attended numerous conferences, and spoke directly with stakeholders in the market, including owners, lenders, non-profits, trade associations, and more.

- Additional information on the Federal Housing Finance Agency (FHFA) Regulations was supplied during the public comment period. These comments provided feedback on implementing the Duty to Serve provisions of the Housing and Economic Recovery Act of 2008 (Regulations) where we heard from a broader group of stakeholders, including many homeowners.

- Still more information was gathered through the four listening sessions, hosted by FHFA along with Fannie Mae and Freddie Mac (the Enterprises) earlier this year, to enable stakeholders to make recommendations about what they believe should be in the Enterprises' Underserved Markets Plan (Plans).

- Finally, additional commentary was provided in response to FHFA's request for public input regarding a chattel pilot.

From the information we gathered, our own experience and analysis, and the requirements set by FHFA, Fannie Mae established four strategic priorities for our service to the underserved markets. Because the issues are numerous and the problems complex in each market, we believe it is essential that we simplify our approach. This is particularly true for our first Plan. Accordingly, our strategic priorities for the Manufactured Housing Market include the following:

- **<u>Analyze</u>**: Fannie Mae will bring our considerable research and analytical capabilities to bear to understand the toughest challenges facing each underserved market. These markets lack the deep and broad data-driven analysis enjoyed by participants in well-served housing markets. For this reason, our Plan seeks to conduct significant market research where the existing data is particularly insufficient such as in the areas of chattel loan performance or the variations in the types of ownership of MHC. In addition, we will analyze our own portfolio and share our findings to further the market's access to data.

- **<u>Test and Learn</u>**: Fannie Mae will test and evaluate adjustments to our own products and programs to identify ways to serve these markets better with our existing business activities. We will also seek to design and undertake pilot programs, where appropriate, that will purposefully identify the strengths and weaknesses of our own, and the markets', capabilities and potential. Under our Plan, a pilot program would be created for the acquisition and securitization of chattel mortgages. In addition, we will implement a pilot for the acquisition of mortgages on resident-owned communities (ROC). Both will be designed with an eye to ultimately bringing more liquidity to these markets.

- **<u>Partner and Innovate</u>**: We are committed to listening to and working closely with existing and new partners to understand how we can support these challenging markets based on sound facts, with loan products that make sense. Our effectiveness in meeting our Duty to Serve these three underserved markets will only be as strong as our ability to innovate and build partnerships with the stakeholders who best understand these markets. In our proposed activities we look forward to working with governmental entities, non-profits, and resident owners to bring more liquidity to MHC that have these owners. We also will be working with investors to determine what securitization structures are appropriate for chattel mortgages. Our many forms of outreach will be to market stakeholders throughout the nation.

- **<u>Do What We Do Best</u>**: Our commitment to affordable housing is more than just a series of regulatory requirements, it is a fundamental component of who we are as a company. What we were established to do and what we do best is to facilitate a secondary market by purchasing mortgages – and that is what we need to do in this market. In some instances – like with chattel – we have to build a scaffold to get there by conducting research, enhancing or developing loan criteria, and assessing performance before creating opportunities for mortgage acquisitions. In some instances we are already there – as reflected in a simple commitment to purchase more manufactured housing mortgages where we can safely do so.

Our four strategic priorities have been woven into our Plan. To highlight their incorporation, one or more of them is referenced for every Objective we put forward. An overview of our Objectives appears in Part V of this Plan.

Some of our Objectives propose investments we want to make, subject to compliance with Fannie Mae's Charter Act and receipt of FHFA approval, or numbers of loans we intend to buy. However, this is an inexact science. Next year or in three years, the market may undercut our ability to achieve these goals. Alternatively, it may support efforts to do even better. Accordingly, we see this Plan as a living document that will have to change over time. We look forward to working with the manufactured housing community to be responsive to the ongoing needs of this market, whatever and wherever they may be.

II. Overview of the Manufactured Housing Market

A. The Single-Family National Manufactured Housing Market

This overview is provided to place the Plan in the context of this market (including identifying significant data gaps) and to provide information relevant to market needs and opportunities.

Based on data compiled for 2016, pursuant to the Home Mortgage Disclosure Act (HMDA),[1] the total Manufactured Housing Market share was approximately 1.7 percent for government loans, 1.7 percent for conventional loans, and 1.7 percent for total originations.

1 Pub. L. 94-200. 89 Stat. 1125, enacted Dec. 31, 1975 (codified at 12 U.S.C. §§ 2801 – 2811). Unless otherwise specified, HMDA data utilized for this analysis excludes loans for investor owned properties, home improvement loans, and second liens.

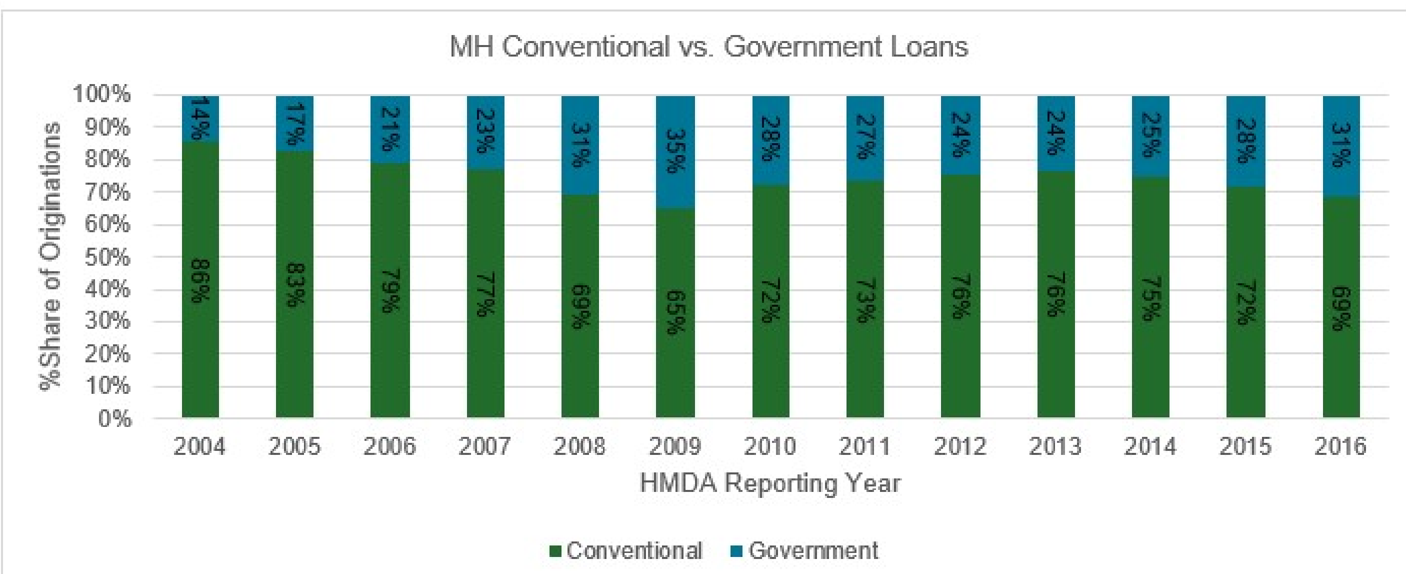
Manufactured housing may be titled as either personal (chattel) or real property (non-chattel). How the manufactured home is titled affects the available options for financing. Structures titled as personal property are only eligible for chattel financing while structures titled as real property may be financed through conventional loans. Many factors might impact a borrower’s decision for titling and financing a manufactured home, including but not limited to taxes, credit standing, the recommendations of their broker or seller, and even location.

Regardless of the borrower’s decision, there are various financing options that are available for both chattel and non-chattel loans.

Primary Market Loan Type	Secondary Market Participant	Chattel Eligible	Non-Chattel Eligible
Federal Housing Administration (FHA) Guaranteed Loans	Ginnie Mae	X	X
Veterans Administration (VA) Guaranteed Loans	Ginnie Mae	X	X
Conventional Conforming Loans	Fannie Mae and Freddie Mac		X
Personal Property Loan (Conventional)	Private Label Security	X	
Non-Government Sponsored Enterprise (GSE) Eligible Conventional Loans	Private Label Security	X	X

Note: In addition to the above, loans may be held in lenders' portfolios.

Although both chattel and non-chattel loans are eligible for FHA and VA financing, as shown below, the share of government loans within the Manufactured Housing Market is relatively small.



The key characteristics of chattel financing for manufactured housing compared with non-chattel financing include:

- Shorter loan terms (typically 20 years instead of 30);
- Higher interest rates (at least two to five percentage points);
- Fewer rights when in default; and
- A more limited pool of lenders, due to the lack of a secondary mortgage market.

Many mortgage lenders do not originate chattel loans mostly due to risk factors and the lower property value associated with these loans. Significant numbers of chattel borrowers may be eligible to qualify for a non-chattel loan, but do not realize it. According to the Consumer Financial Protection Bureau (CFPB), the lending market for chattel loans is concentrated among just a few lenders: Vanderbilt Mortgage, U.S. Bank, San Antonio Federal Credit Union, 21st Mortgage, and Triad Financial Services.[2]

Manufactured housing is available at a significantly reduced cost when compared to site-built housing. The average sales price of a new single-section manufactured home was approximately $43,000 in the first six months of 2014.[3] The median sales price of a new site-built home, including land, during that same period was $288,000. Moreover, in 2013 the cost per square foot was less than half the cost of site-built construction.[4]

Manufactured housing owners tend to be about the same as the rest of the homeowner population; the average owner age is 56. The average size of the household tends to be small at 2.35 persons. While 38 percent of the national homeowner population has a bachelor's degree or higher, only about 8.7 percent of manufactured homeowners achieve the same.[5] Nearly 20 percent of manufactured housing households have a single head of household with no children in the home; for site-built homes this is true for less than 15 percent of households. Approximately 32 percent of manufactured housing households are headed by a retiree, compared to 24 percent for site-built households.[6]

Manufactured housing serves as a significant source of affordable housing for borrowers of more modest means. More than 22 percent of manufactured housing residents have incomes at or below the Federal poverty line. The median annual housing income for those living in manufactured housing was $28,400 as compared to a national median of $52,250.[7] Nonetheless, households living in manufactured homes still are likely to be "cost burdened" in that they spend more than 30 percent of their income on housing. For example, approximately 27 percent of families living in manufactured housing in Middle Appalachia are cost burdened.[8]

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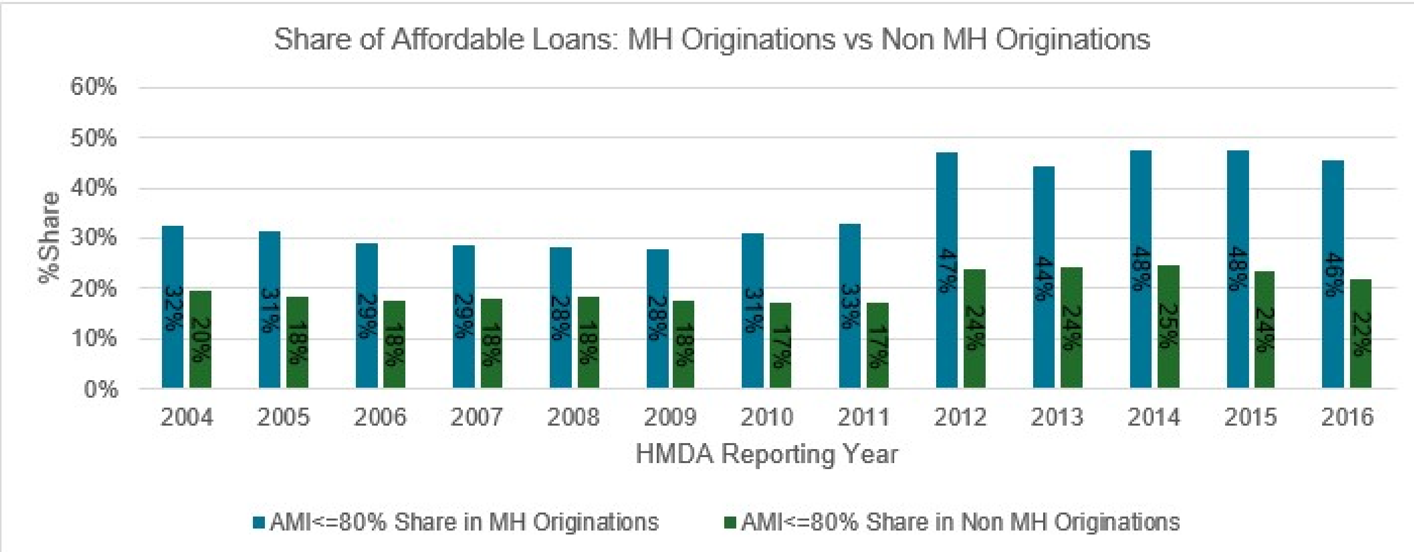
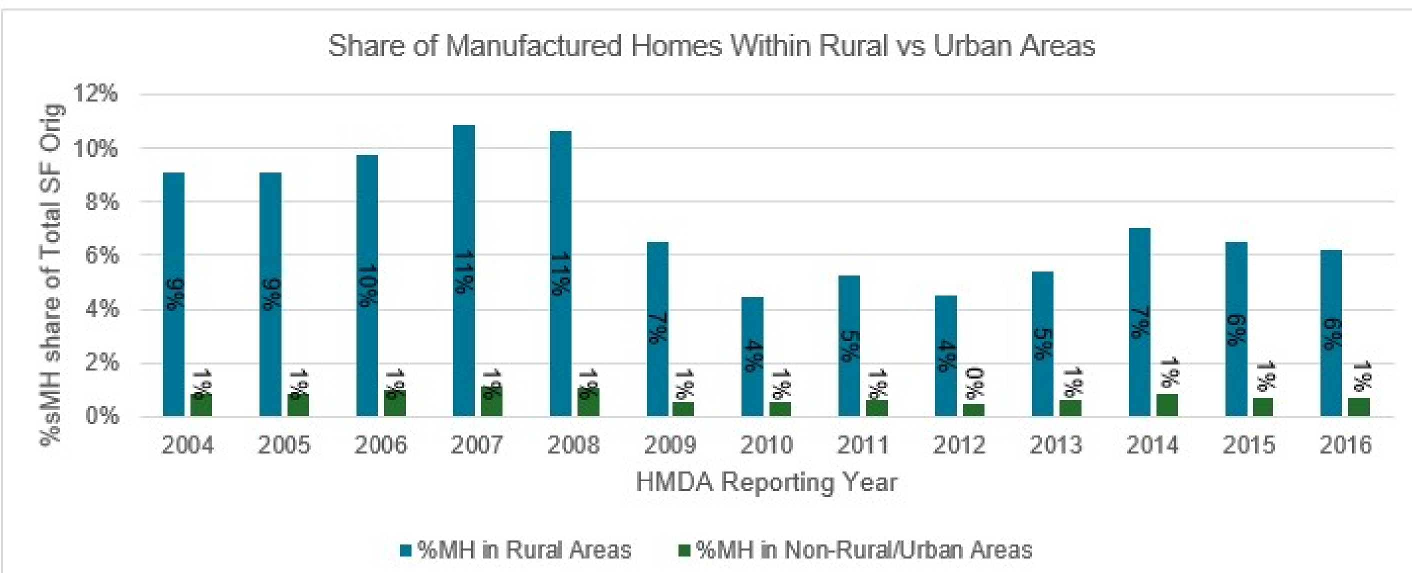
2 *Manufactured housing consumer finance in the United States*, CFPB, 23 (Sept. 2014) (CFPB Report). Available at http://files.consumerfinance.gov/f/201409_cfpb_report_manufactured-housing.pdf. Note that Vanderbilt Mortgage and 21st Mortgage are both subsidiaries of Clayton Homes, which is a subsidiary of Berkshire Hathaway.
3 CFPB Report at 20 (Sept. 2014).
4 *Id*.
5 2015 American Housing Survey, Census Bureau.
6 CFPB Report at 6.
7 Manufactured Housing Institute, comments on the Proposed Duty to Serve Rule, 3 (Mar. 17, 2016).
8 *Mobile and Manufactured Homes in Central Appalachia and Alabama: Age, Conditions and Need for Replacement*, Virginia Center for Housing Research 4, (Sept. 2016).



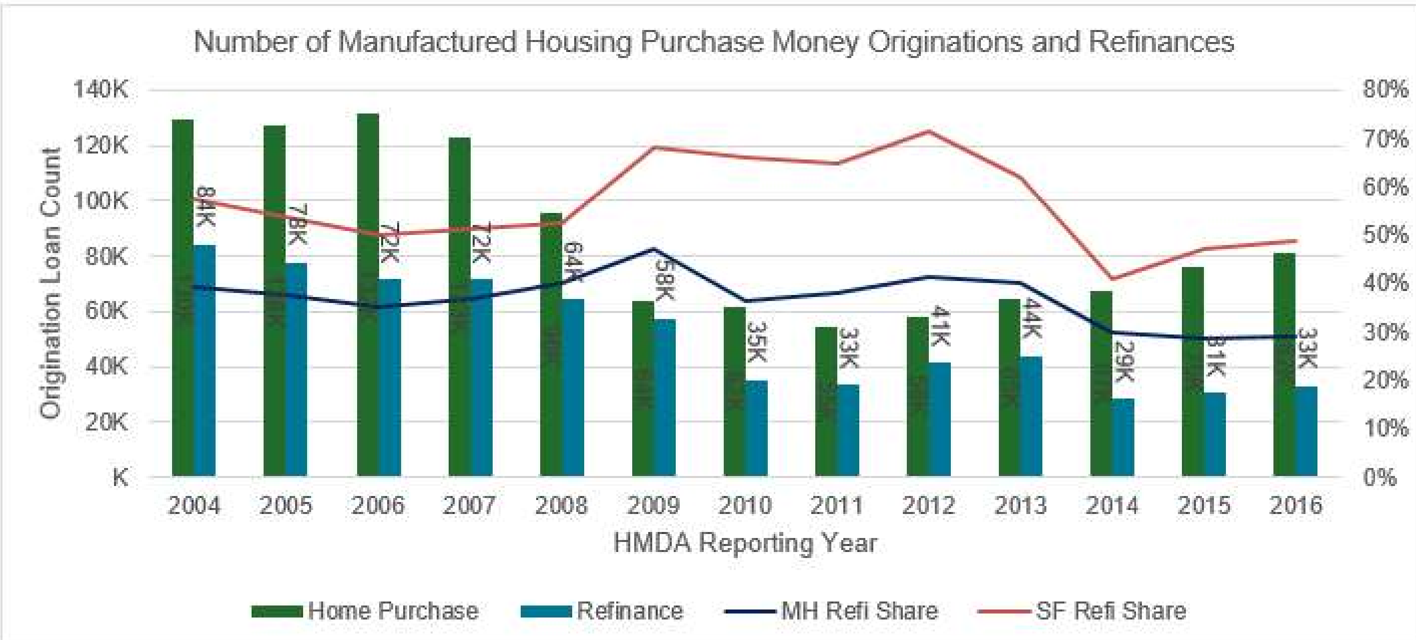
Manufactured housing represents a significant percentage of all housing in rural areas. Nearly 20.7 percent of the occupied housing stock in Middle Appalachia is manufactured homes.[9] That figure drops only slightly in the Lower Mississippi Delta to 17 percent.[10] It is estimated that 19.2 percent of the occupied housing stock in colonias along the U.S. border consist of manufactured homes.[11]



HMDA data reflects that in more recent years since 2012, the share of refinance originations in manufactured housing has been decreasing from about 40 percent to 30 percent. The greater manufactured housing activity has been in purchase money originations while single-family housing activity is evenly distributed across refinances and purchase money

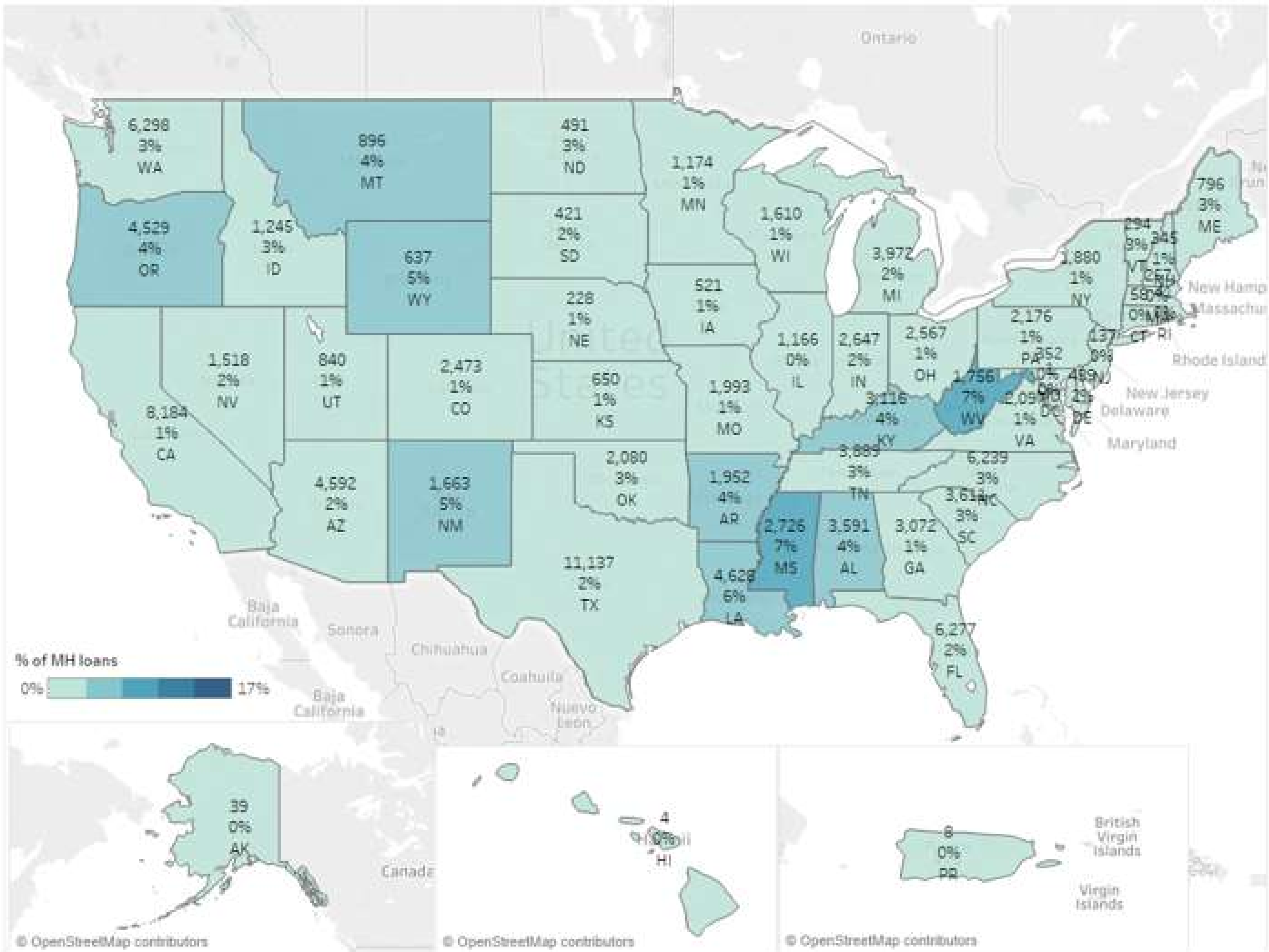
9 *Taking Stock: Rural People, Poverty, and Housing in the 21st Century*, Housing Assistance Council, 72 (Dec. 2012). Available at http://www.ruralhome.org/component/content/article/587-taking-stock-2010.
10 Id. at 90.
11 Id. at 62.

originations. The single-family market has experienced a similar drop in refinance activity since 2012 but the share has picked up in recent years to 49 percent.



As a percentage of originations within a State, based on 2016 HMDA data, West Virginia, Mississippi, and Louisiana are the top three States in the nation with, respectively, 1,756, 2,726, and 4,628 manufactured housing loans financed.

2016 Manufactured Housing Share of Originations, by State Reported in HMDA



However, the top three States for number of manufactured housing originations nationwide, according to 2016 HMDA data, were Texas, California, and Washington State with, respectively, 11,137, 8,184, and 6,298, mortgages originated. There are currently a number of challenges in sizing the national single-family Manufactured Housing Market. Paramount among these is that there is no loan level market data source that is comprehensive enough to allow for a breakout of manufactured housing loans by chattel and non-chattel loans. There are several reasons for this:

- Although this will change for 2018, currently HMDA data does not provide a breakout between chattel and non-chattel loans. In addition, HMDA data may under-report the market because it is serviced by smaller financial institutions that often are not required to report under HMDA.
- Census data that provides manufactured housing shipment statistics (i.e., new units), is not mortgage data and does not capture re-sales or refinancing.

- Other loan level data sources that are commonly used in the industry, such as CoreLogic or Black Knight, also do not provide a breakout between chattel and non-chattel loans, in addition to having an even smaller coverage than HMDA.

Some sources provide instructive (but not definitive) information about the size of the market. For example, the CFPB reports that:

- An estimated 65 percent of borrowers who own their land and who took out a loan to buy a manufactured home between 2001 and 2010 financed the purchase with a chattel loan.[12]

- About 48 percent of households that live in manufactured homes own both the home and the land it is placed on; about 30 percent rent the land but own the home; and about 18 percent rent both the home and the land.[13]

- In 2013, only 14 percent of new manufactured homes were titled as real property.[14]

- Manufactured homes in land-lease communities, about 30 percent of all manufactured housing placements in recent years, are generally only eligible for chattel financing.[15]

According to Prosperity Now[16], the U.S. Census Bureau reported that in 2008, out of approximately 79,000 new manufactured homes, 50,000 (or approximately 63 percent) of these were titled as chattel, even though 75 percent were placed on private land (*i.e.*, not in a land-lease community).[17] In 2006, citing from a 2005 study, the Center for Community Development Investments of the Federal Reserve Bank of San Francisco placed the share of manufactured houses titled as real estate at one-third.[18] By 2013, the U.S. Census Bureau was reporting that the share of new manufactured homes titled as real estate had decreased from 28 percent in 2009 to 14 percent.[19]

B. The Multifamily Manufactured Housing Communities Market

This overview of the MHC market is provided to place the Plan in the context of this market (including identifying significant data gaps) and to provide information relevant to market needs and opportunities.

Contrary to popular belief, most manufactured homes are not located in large MHC. Rather, according to the 2015 American Housing Survey, less than 30 percent of manufactured homes are located in MHC with at least seven units.[20] Among manufactured homes located in communities, 80 percent are owned by their inhabitants. However, only 14 percent of MHC residents also own the lot on which their unit is placed.

According to the CFPB, ownership of MHC is highly fragmented and populated with many single-site operators. The largest groups of MHC owners are publicly and privately held Real Estate Investment Trusts (REIT) property investment firms, and specialty institutional investors. The largest publicly held portfolio of MHC is owned by Equity LifeStyle Properties, a Chicago based REIT, and consists of 201 MHC properties with over 70,000 manufactured home and MHC

12 *CFPB Report* at 6.
13 Id. at 21.
14 Id. at 23.
15 Id. at 24.
16 f/k/a Corporation for Economic Development
17 Manufactured Housing Resource Guide, *Conventional Mortgage Financing,* CFED, 1 (June 2010).
18 Sean West, *Manufactured Housing Finance and the Secondary Market*, 2 Community Development Investment Review, 39 (2006).
19 U. S. Census Bureau, *Cost & Size Comparisons: New Manufactured Homes and New Single-Family Site-Built Homes* (2007 – 2013).
20 Table C-01-AH, 2013 American Housing Survey (AHS) and Fannie Mae tabulations of 2015 AHS microdata.

model home sites.[21] Further, the CFPB reports that most recently the industry has been consolidating with investors acquiring both single-site operators and larger portfolios of manufactured home community assets.[22]

There is currently very limited data available on MHC, which makes it difficult to establish the size of the market. There are several reasons for this:

- HMDA data, which is the source that is commonly used to size the mortgage market, does not provide reliable loan information on MHC.

- The American Community Survey tracks owners and renters who inhabit manufactured housing, but does not track the number of MHC.

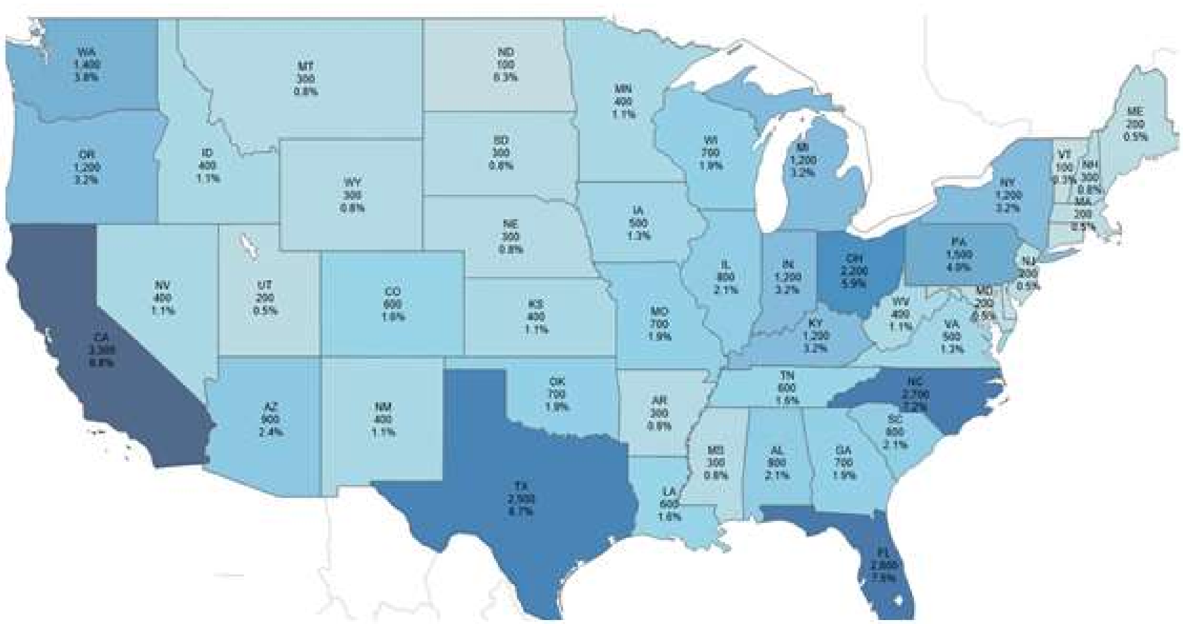
- The American Housing Survey indicates whether a manufactured home is located in a group setting or scattered site setting, but does not track MHC directly.[23]

- To the extent there is data available, the data itself may be incomplete or difficult to secure. For example, States that require MHC to register with them for health or housing reasons may maintain this data, but it would be difficult to collect this information State-by-State and create a consistent database with consistent data.

- Free data may not focus on the relevant subject area (e.g., Marcus and Millichap reports on performance of MHC rather than sizing data).

Nonetheless, an estimated 37,000 MHC have been verified and tracked. They are distributed throughout the U.S. as provided below.

21 *CFPB Report* at 42.
22 Id.
23 The US Census designates manufactured home sites gathered close together as a “group,” regardless of whether they are in MHC or on adjacent individually-owned lots, but it does not directly track the number of MHC.



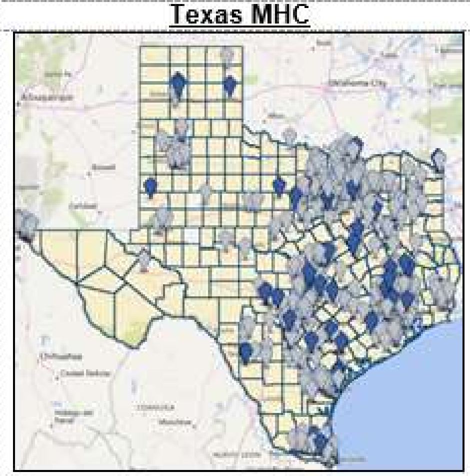
Source: Datacomp/JLT
Note: Datacomp JLT created and maintains the MHI Database.

Approximately half of all MHC are concentrated in just 10 States with heavy concentrations in Florida, California, and Texas.

California MHC

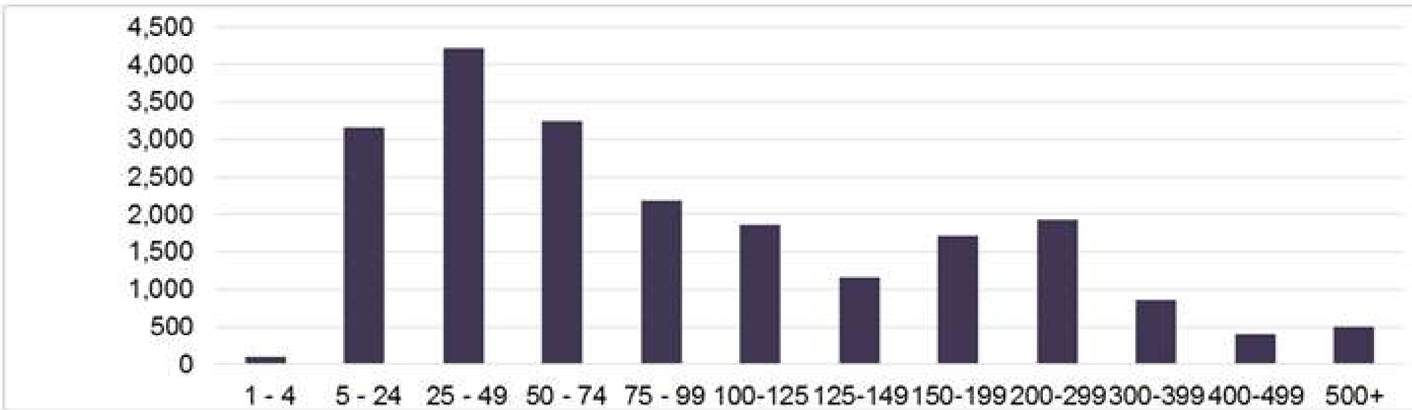
Florida MHC

Texas MHC



The size of MHC may vary significantly from below five units to more than 500.

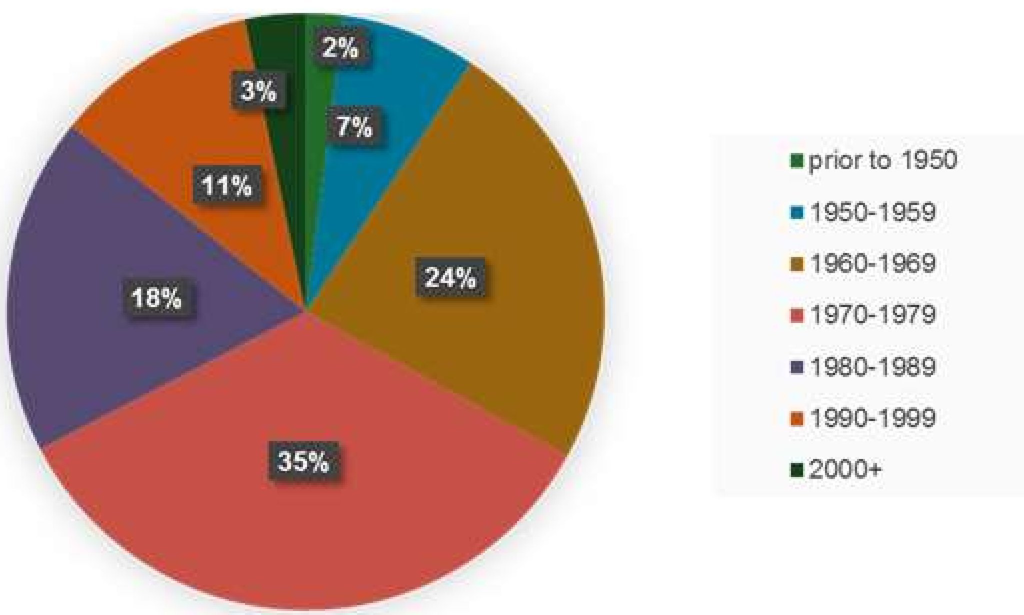
Distribution of MHC by Number of Pads



Source: Datacomp/JLT
Note: Based on an estimated 16,100 MHC where the number of pads is known.

The stock of MHC is aging, with most of the stock built prior to 1980.

Distribution of MHC by Year Built



Source: Datacomp/JLT
Note: Datacomp/JLT created and maintains the Manufactured Housing Institute Database.

While the beginning of the century saw significant construction, in the second quarter of 2017, only eight new MHC were under construction with fewer than 1,000 pads being built.

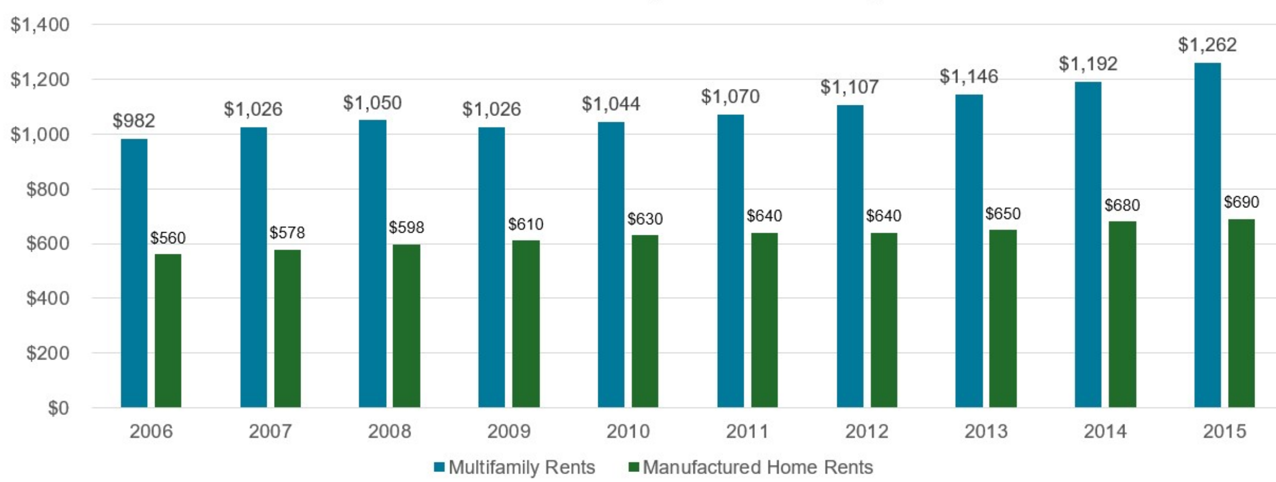
MHC Under Construction as of June 30, 2017

Source: CoStar Group, Inc.
Map excludes one MHC under construction in Valdez Alaska

MHC Name	Details
11350 State Road 121 Inglis, FL 34449	81 Unit Class B MHC Delivering 8/2017
901 5th Street Upton, WY 82730	Units Unknown, Class B MHC Delivering 11/2017
2530 132nd J Ave NW Arnegard, ND 58835	48 Unit Class C MHC Delivering 8/2017
235 Eld Ln Donnelly, ID 83615	Units Unknown, Class C MHC Delivering 4/2018
925 E Garnet Ave Granby CO 80446	Units Unknown, Class B MHC Delivering 2018
Emerald Village 25 N Polk St Eugene, OR 97402	22 Unit Class B MHC Delivering 4/2018 Note: 22 of the homes will be affordable and range in size from about 150-250 square feet
Countryside Village of Atlanta Phase II 10 Sweetwater Way Lawrenceville, GA 30044	92 Unit Class C MHC Delivering 9/2017
315 Atigun Dr Valdez, AK 99686	Units Unknown Class C MHC Delivering 8/2017

Manufactured housing continues to not only serve as a source of affordable housing, but as a source of housing that is significantly less expensive than traditional brick and mortar multifamily rentals. Nationwide, manufactured homes have rents that are approximately half of traditional multifamily rents.

Median Manufactured Housing Rents vs Multifamily Rents



Source: REIS, Inc. for asking rents. Fannie Mae Tabulations of 2014 American Community Survey Data for MHC rents.

Note: Rents include utilities; rents based on all manufactured housing rentals including those outside of manufactured housing communities

As shown on the chart below, asking rents for new units are slightly higher than existing units, but still well below apartment rents.

Lowest Asking Rent Markets:

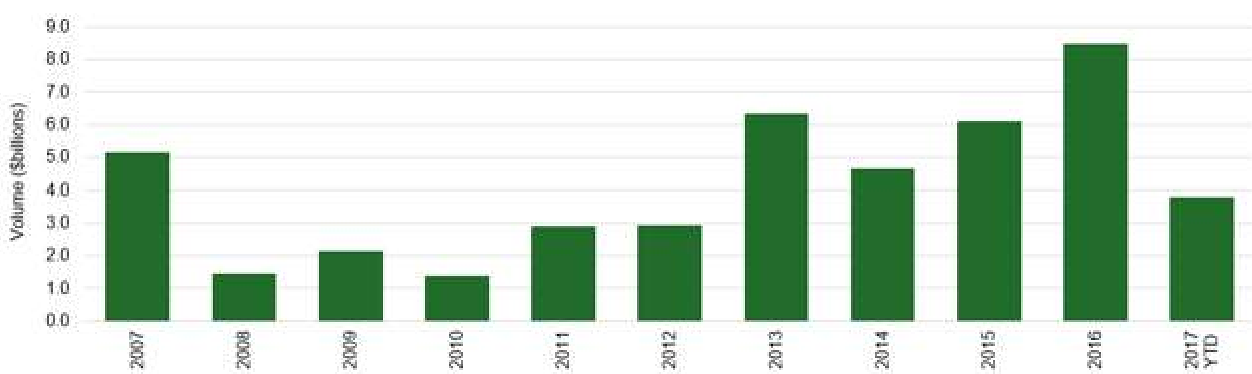
Market	Existing Unit Average Rent
Fort Wayne IN	$292
Toledo OH	$400
Bakersfield CA	$495
Saginaw-Bay City-Midland MI	$591
Springfield IL	$597
Denver-Boulder-Greeley CO	$601

Market	New Unit Average Rent
Cleveland-Akron OH	$571
Youngstown-Warren OH	$619
Fort Wayne IN	$656
Pittsburgh PA	$700
Elmira NY	$708
St. Louis MO	$726

Source: Datacomp/JLT based on rentals listed for select metros with at least 5 listings as of March 31, 2017.

Historical transaction volumes for MHC vary by source. Real Capital Analytics (RCA) provides the most consistently robust source of data. While not a comprehensive source of data for MHC property sales, RCA provides a window into the MHC sector. As shown in the chart below, transactions involving MHC properties totaled an estimated $3.8 billion from January through mid-August 2017, compared to $8.5 billion in all of 2016.

MHC Sales and Refinances January 1, 2007 – August 24, 2017



Source: Real Capital Analytics, based on transactions valued at $2.5 million or higher. Include both sales and the appraised value of properties which refinanced.

Generally, between 1,000 and 2,000 arm's length transactions reflecting a change in ownership occur annually with one-third of transactions related to age restricted communities and two-thirds of transactions related to all-age communities.

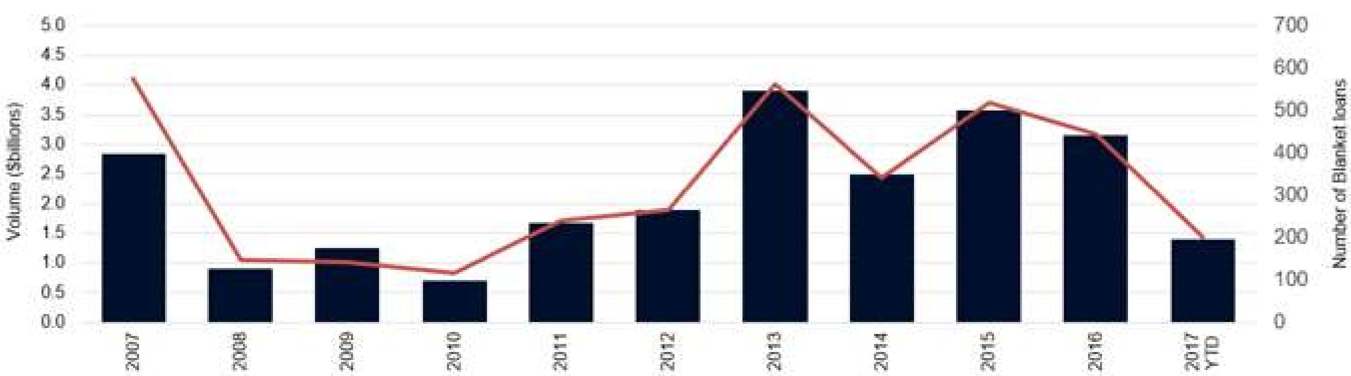
Manufactured Housing Community Sales Volume 2006-2016 by Type of Community

Year	55+	All Ages	Unknown	Grand Total
2017	8	50		58
2016	250	369	7	626
2015	427	665	18	1110
2014	138	416	3	557
2013	582	1635	8	2225
2012	653	1769	19	2441
2011	479	1387	3	1869
2010	345	682	7	1034
2009	258	1109	4	1371
2008	315	1389	19	1723
2007	1098	3628	75	4801
2006	412	1189	6	1607
Grand Total	4965	14288	169	19,422

Note: Datacomp/JLT created and maintains the Manufactured Housing Institute Database

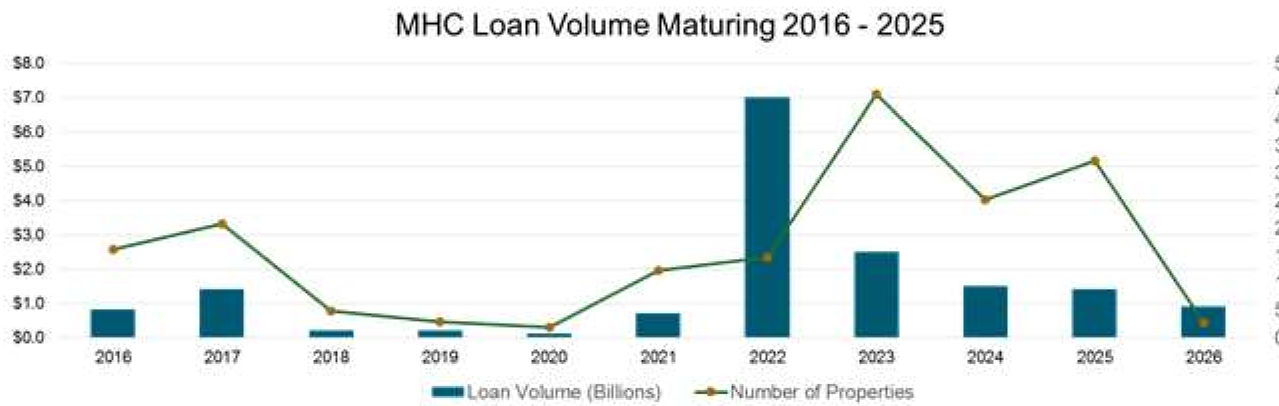
Although not a comprehensive source of MHC data, RCA can provide a window into lending on MHC. While lending on MHC has risen substantially since the end of the recession, the volume still remains low. Lending appears to be under $4 billion annually.

MHC Lending Volume Jan 1, 2007 – June 30, 2017

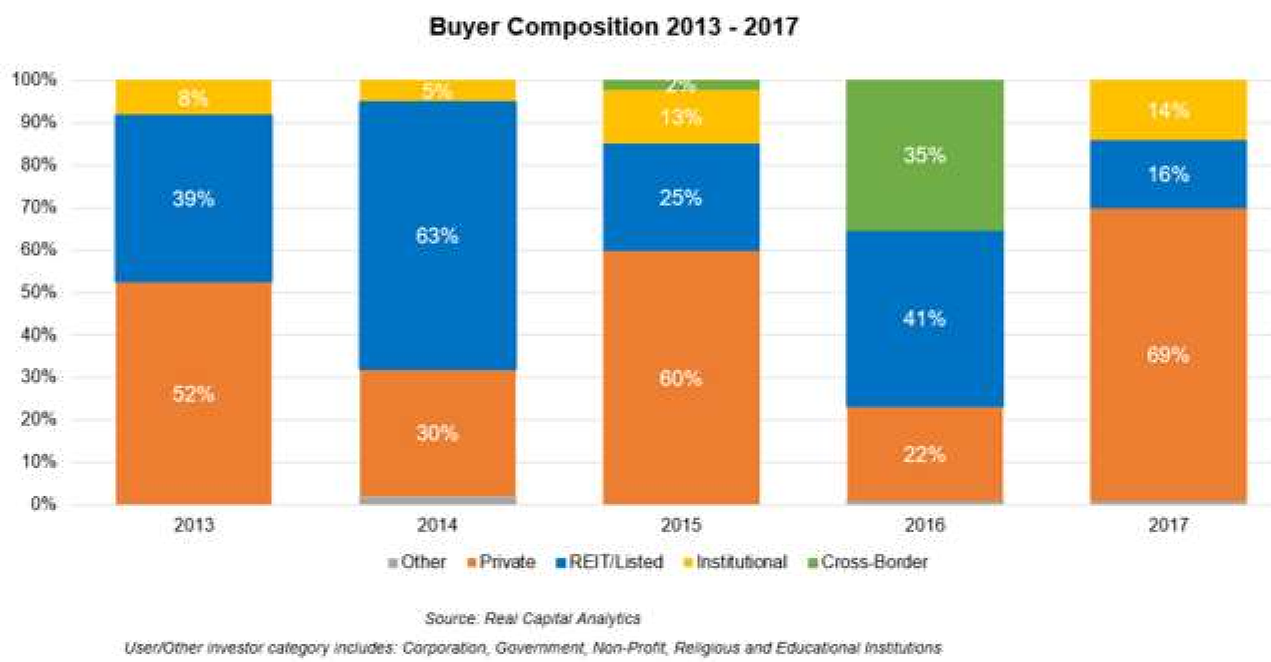


Source: Real Capital Analytics, based on transactions valued at $2.5 million or higher. Includes refinances.

Lending in 2016 – 2018 is expected to be active with a minimum of $2.4 billion in MHC loans maturing during this time. The number of maturing loans in 2019 is expected to be about equal to those maturing in 2018, with a significantly increased number expected for 2021, and then a very significant number in 2022, when close to $7 billion in MHC loans will mature.



Finally, investment activity in MHC is also active. While publicly-listed REITs remained active in the MHC sector during 2017, private entities had the highest share of investment in MHCs through mid-August 2017, as seen in the chart below. Private investors, which include privately-owned companies and real estate developers, represented 69 percent of MHC purchase volume through mid-August 2017, followed by public REITs at 16 percent. Institutional investors, which can include insurance companies, equity funds, and sovereign wealth funds, came in third with estimated 14 percent of purchase volume.



While Sun Communities remained the top investor over the last 24 months, investing almost $1.8 billion in 117 MHC properties, foreign investors also remained interested in the sector. For example, the Government of Singapore Investment Corporation (GIC), which is the sovereign wealth fund of Singapore, invested almost $1.5 billion to gain a majority interest in 178 MHC properties. The opportunity was created when Yes! Communities, one of the largest owners and operators of MHC properties, sold a nearly 71 percent equity interest in its combined businesses to institutional investors, including affiliates of GIC. (Note that Fannie Mae helped provide financing).

Top Buyers Past 24 Months

Rank	Buyer	Investor Group	Type of Investor	Location	Acquisition ($)	Number of Properties	Average Price ($)
1	Sun Communities Inc	Listed/REIT	Public REIT	Southfield, MI, USA	1,773,024,951	115	15,417,608
2	Government of Singapore Investment Fund (GIC)	Institutional	Sovereign Wealth Fund	Singapore, SGP	1,526,500,000	178	8,575,843
3	Carlyle Group	Institutional	Equity Fund	Washington, DC, USA	233,701,000	4	58,425,250
4	RHP Properties	Private	Developer/Owner	Oakland, MI, USA	216,655,400	16	13,540,963
5	Meritus Communities	Private	Developer/Owner	Oakland, MI, USA	180,246,030	20	9,012,302
6	Equity Lifestyle Props	Listed/REIT	Public REIT	Chicago, IL, USA	120,496,667	4	30,124,167
7	Investment Property Group MHC	Private	Developer/Owner	Irvine, CA, USA	108,534,131	5	21,706,826
8	Hometown AM	Private	Developer/Owner	Chicago, IL, USA	96,645,000	6	16,107,500
9	Tricon Capital Group	Institutional	Equity Fund	Toronto, ON, CAN	89,111,000	11	8,101,000
10	Cobblestone Real Estate	Private	Developer/Owner	Oak Brook, IL, USA	87,041,000	11	7,912,818
11	Cal-Am Properties	Private	Developer/Owner	Costa Mesa, CA, USA	86,180,000	4	21,545,000
12	UMH	Listed/REIT	Public REIT	Freehold, NJ, USA	84,463,589	12	7,038,632
13	Northwestern Mutual	Institutional	Insurance Company	Milwaukee, WI, USA	80,000,000	1	80,000,000
14	MHP Funds	Private	Developer/Owner	Delta, CO, USA	69,457,500	17	4,085,735
15	FollettUSA	Private	Developer/Owner	Sacramento, CA, USA	62,850,000	4	15,712,500
16	Lakeshore Communities	Private	Developer/Owner	Skokie, IL, USA	54,712,895	7	7,816,128
17	Has Capital	Private	Developer/Owner	Chicago, IL, USA	52,750,000	3	17,583,333
18	Ladder Capital	Listed/REIT	Public REIT	New York, NY, USA	52,700,000	1	52,700,000
19	Shopoff Props Trust	Private	Private REIT	Irvine, CA, USA	52,700,000	1	52,700,000
20	Riverstone Communities	Private	Developer/Owner	Birmingham, MI, USA	46,721,286	4	11,680,322

Source: Real Capital Analytics

III. Statutory and Regulatory Activities Considered but not Included

Under the Regulations, there are no Statutory Activities for the Manufactured Housing Market. All Regulatory Activities have been considered and are addressed in this Plan.

IV. Activities and Objectives

A. Regulatory Activity: Manufactured homes titled as real property (12 C.F.R. § 1282.33 (c) (1)).

1. *Objective #1: Increase the purchase volume of conventional manufactured housing secured by real estate each year of the Plan (Do What We Do Best)*

Meeting the Challenges
One of the biggest challenges in the Manufactured Housing Market is a lack of liquidity. To address this challenge Fannie Mae will: • Purchase an additional 4,540 to 5,540 manufactured housing loans secured by real estate over three years which equals an estimated additional contribution of \$544 million to \$664 million of liquidity over the Baseline to be contributed to the Manufactured Housing Market. This is an ambitious outcome given that Fannie Mae forecasts an overall decrease in loans in 2018 and 2019 as higher interest rates are projected, resulting in the transition to a purchase market which increases the challenge of growing loan volume over the Baseline derived from the lower interest rate and higher acquisition volumes from the 2013 – 2016 three year period.

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2018	• Purchase between 8,750 and 9,000 conventional manufactured housing loans[24], representing a one to four percent increase over the Baseline. This includes the loan purchases referenced in Objective #3. ○ **Baseline**: The average number of manufactured housing loans purchased by Fannie Mae over the last three years (2014, 7,806; 2015, 7,749; 2016, 8,660) is 8,072 loans. However, in 2016 there was an increase in manufactured housing loan volume to 8,660 and accordingly the 2018 loan purchase target has been set above the 2016 volume. • Assist Fannie Mae lenders in meeting loan delivery requirements and expanding manufactured loan deliveries by engaging 25 manufactured housing lenders that have been identified as reasonably likely to increase loan originations and loan deliveries of this type to promote the loan product and provide further instruction and assistance.

24 Of this group, a target number of: 505 loans will be manufactured housing loans in rural areas, as provided under Fannie Mae's Rural Housing Plan.

Year	Actions
2019	• Purchase between 9,000 and 9,250 conventional manufactured housing loans[25], representing an approximate four to seven percent increase over the Baseline. This includes the loan purchases referenced in Objective #3. • Expand lender outreach to an additional 25 lenders (i.e., lenders not approached in 2018) that have been identified as reasonably likely to increase loan originations and loan deliveries of this type to increase the population of lenders delivering manufactured housing loans.
2020	• Purchase between 11,000 and 11,500 conventional manufactured housing loans[26], representing an approximate 27 to 33 percent increase over the Baseline. This includes the loan purchases referenced in Objectives #2 and #3. • Expand lender outreach to an additional 25 lenders (i.e., lenders not approached in 2018 or 2019) that have been identified as reasonably likely to increase loan originations and loan deliveries of this type to increase the population of lenders delivering manufactured housing loans.
2021	• Purchase between 12,650 and 13,150 conventional manufactured housing loans, representing an approximate15 percent increase over the prior year's target. This lower bound of this target is approximately 46 percent higher than our Baseline of 8,660 loans. o While loan purchase volumes in some years have approached this target, this would represent a new high for loan purchase volume. Furthermore, this comes during a time when there are several reasons for setting a conservative target in 2021, including uncertainty around interest rates, potential for further economic contraction in regions where manufactured housing is common, and continued supply chain challenges in manufactured housing home production and distribution.

The ultimate opportunity available in this market is to finance increased numbers of manufactured housing mortgages secured by real estate. Fannie Mae has a large presence in the manufactured housing loan market and has the systems, operations, and resource tools needed to facilitate efficient manufactured housing loan delivery in a safe and sound manner. In addition, underwriting standards and credit guidelines that are simplified and consistent with safety and soundness will continue to be applied to acquisition of this product. Based on Fannie Mae's experience purchasing manufactured housing loans, we believe the Objective is reasonable and can be achieved within the time periods described.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Loan Purchase	Loan Purchase	Loan Purchase	Loan Purchase
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

25 Of this group, a target number of: 750 loans will be manufactured housing loans in rural areas, as provided under Fannie Mae's Rural Housing Plan.
26 Of this group, a target number of: 1,250 loans will be manufactured housing loans in rural areas, as provided under Fannie Mae's Rural Housing Plan.

2. *Objective #2: Increase liquidity for manufactured housing titled as real property through industry outreach and increasing purchases (Analyze, Partner and Innovate, Do What We Do Best).*

Meeting the Challenges
The market for manufactured housing secured as real estate faces a number of challenges, including: • It is complex with a wide range of housing and lending products. The market serves various income ranges for homebuyers and also has very specific geographic market differentiation. • Existing manufactured housing loan products have specific limitations and restrictions that impact borrower and property eligibility. • The market suffers from a lack of available information and data present in other markets which discourages market stakeholders from lending and investing in the market. • There is a population of manufactured homes titled as chattel that could be titled as real property and enjoy the associated benefits that come from conventional financing. To address these challenges, Fannie Mae will: • Use the information gathered through outreach and market research to identify appropriate product enhancements that will increase borrower and property eligibility and simplify loan requirements, resulting in the provision of increased liquidity to the market. • Employ a test and learn approach using negotiated variances to enhance Fannie Mae's manufactured housing loan products that will best serve the needs of very low-, low-, and moderate-income families, thus bringing greater liquidity to the market for these populations. Variance performance will help inform potential policy changes available to all approved lenders. • Publish and publicly distribute the information that it gathers and analyzes to bring clarity to the marketplace, thus supporting additional liquidity to the market by providing factual information that may address misconceptions about manufactured housing loan performance, promoting Fannie Mae's presence in this market, and ultimately providing critical information to support and encourage capital sources to venture into lending and investing where they may not have done so previously. • Expand scope and availability of homebuyer education and financial counseling. • Focus activities in States which allow for the conversion of manufactured housing titled as chattel to real property so that borrowers can benefit from the protections and benefits of conventional financing.

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2018	• Actively participate in the manufactured housing industry as a member of the Manufactured Housing Institute (MHI) (excluding any lobbying activity) in order to maintain an industry presence and remain current on activities and developments facing the market. • Review credit and/or collateral policies identifying opportunities to simplify and overcome challenges with Fannie Mae's manufactured housing loan products for the purpose of increasing mortgage loan purchases. Examples of barriers and challenges that will be reviewed include loan-to-value (LTV) limits,

Year	Actions
	affordable housing programs with resale restrictions, and use of manufactured housing as accessory dwelling units. ○ Establish a test and learn approach issuing one negotiated variance to select lender(s). Fannie Mae will determine test Objectives and proposed terms based on stakeholder input, conduct related economic and operational impact analyses, and issue at least one lender variance ▪ One or more participating lenders will be chosen, based on level of interest and capacity after conducting lender outreach as noted above, potential volume, and market focus. ▪ The variance outcome will be evaluated in 2019 and success will be based on actual volume delivery relative to projected volume as well as positive lender feedback on the changes implemented. ○ Publish at least one policy change that expands access to credit for manufactured housing. • Host one manufactured housing roundtable in Q2 with cross-functional industry representation (e.g., manufacturers, dealers, community owners, valuation providers, and lenders) to capture diverse perspectives on market challenges and identify new opportunities to provide liquidity. • Develop and publish manufactured housing data set from Fannie Mae's portfolio (e.g., transaction type, LTV, borrower credit score, and performance) and other analysis of our manufactured housing business to promote transparency, inform the industry, and encourage increased market development. • Participate in two key industry conferences to maintain market awareness, identify market concerns, and obtain insights to inform manufactured housing activities. • Identify the States where manufactured housing can be titled as real property instead of personal property and where manufactured housing titled as personal property can be converted to real property. • Educate 15 lenders active in manufactured housing lending to the advantages of originally titling manufactured housing as real property or subsequently converting its title to real property. • Engage appraisers of manufactured homes via webinars, Fannie Mae Appraiser Update newsletter, or presentations at appraisal roundtables, seminars, workshops, or panel discussions to provide information and education about Fannie Mae policies, including policy changes. The newsletter currently is subscribed to by over 7,000 appraisers and other industry participants. Webinars, roundtables, seminars, workshops, or panel discussions, in total, will typically produce in-person engagement with over 200 appraisers.
2019	• Evaluate the outcomes of variance(s) and policy change(s) executed in 2018 as well as findings from industry and customer engagement to identify, validate, and prioritize opportunities to enhance, simplify, clarify, and expand our manufactured housing policies and product offering. Introduce one new negotiated variance with terms for at least one additional change to Fannie Mae loan product parameters, or depending on research, learnings, and analysis, publish at least one policy update. • Provide training and resource support to housing counselors on the topic of manufactured housing so that they are better equipped to provide counseling to manufactured home buyers. • Continue to engage appraisers via webinars, Fannie Mae Appraiser Update newsletter, or presentations at appraisal roundtables, seminars, workshops, or panel discussions to provide information and education about Fannie Mae policies, including policy changes. • Continue industry outreach activities started in 2018 to maintain engagement and inform product activities.

Year	Actions
	○ Host one manufactured housing roundtable with cross-functional industry representation and discuss new challenges facing the market. Feedback and engagement will inform future decisions and prioritizations. ○ Participate in two key industry conferences to remain current on activities and developments in the market and to inform future decisions and prioritizations.
2020	• Purchase at least 100 manufactured housing loans titled as real property. These loan purchases will directly result from variances and policy changes issued in 2018 and 2019 and are included in the total manufactured housing purchases in Objective #1. • Continue industry outreach activities started in 2018 to maintain engagement and inform product activities. ○ Host one manufactured housing roundtable with cross-functional industry representation to capture diverse perspectives. ○ Participate in two key industry conferences to remain current on activities and developments in the market and to inform future decisions and prioritizations. • To promote transparency and describe progress made to increase access to credit for manufactured housing, publish to the public a summary of learnings since 2018 including items such as qualitative market information, trended data for Fannie Mae's manufactured housing loan portfolio, and performance data about variances or policy changes issued.
2021	• Drive growth through additional policy innovation; introduce at least one variance or policy change that broadens Fannie Mae's ability to serve the market. ○ Interview a group of Fannie Mae manufactured housing lenders and non-manufactured housing lenders to gather diverse feedback on areas for policy innovation. ○ Prior to introducing the policy change or variance, produce a nonpublic analysis that ensures that the activity will broaden Fannie Mae's manufactured housing lending, identifies risks and risk mitigants, and summarizes feedback from lender customers. ○ At launch, produce a marketing and/or outreach campaign to educate lenders on this variance/policy change and to ensure expanded lender participation in the program. ○ Track loans stemming from this activity alongside other manufactured housing policy innovations introduced between 2018 and 2020. • To promote transparency with stakeholders, produce a public document explaining the reasoning behind the variance or policy change, the expected market opportunity, and the potential risks, if feasible. • Launch a targeted effort through one or more lenders to eventually purchase loans on a recently launched product resulting from a variance or policy change. ○ This effort will necessarily include quantitative and qualitative analysis to select appropriate lender partners, select target markets, and generate goals. ○ This effort will also consist of managing the relationship with the partner lender and any additional external stakeholders, and will likely involve modifying plans as needed in response to market acceptance of the product.

Fannie Mae has significant experience evaluating, developing, and purchasing enhanced loan products. Accordingly, we believe the Objective is reasonable and can be achieved within the time periods described. The ultimate opportunity available in this market is to finance an increased number of manufactured housing mortgages secured by real estate. We also will look for focused opportunities in the rural and affordable housing preservation markets as manufactured housing is prevalent in rural areas and preserving this affordable form of housing is important. Any variances or policy changes that create changes in credit parameters and product guidelines will be supported by thorough economic, risk, and operational analysis, will be subject to Fannie Mae's governance and approval processes, and will only be made consistent with safety and soundness concerns.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Outreach	Loan Product	Loan Purchase	Loan Product
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

3. *Objective #3: Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans (Partner and Innovate, Do What We Do Best).*

Meeting the Challenges
The average price point for new, site-built homes continues to increase and in many markets is outpacing income growth, putting purchases out of reach for many very low-, low-, and moderate-income families. Modern quality manufactured housing is an affordable alternative to site-built homes. Nonetheless, the market for quality manufactured housing faces a number of challenges, including: • Quality manufactured housing may be affordable, but there are financing barriers which do not apply to conventional lending for site-built housing, for example, higher down payment requirements. • Manufactured housing may be perceived to be of low quality despite improvements made in the quality of construction and features included. To address these challenges, Fannie Mae will: • Develop and market a loan product for quality manufactured housing to provide greater liquidity by allowing increased flexibility and reduced requirements. • Establish a lender and appraiser engagement and education strategy to drive market support for financing of quality manufactured housing.

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2018	• Issue one negotiated variance to select lender(s) or issue one policy change to improve financing options for quality manufactured housing by taking the following actions: ○ Define distinguishing construction features or property characteristics of quality manufactured housing. These may include items such as exterior or interior design features, energy efficiency features, foundation systems, or other structural build features.

Year	Actions
	o If necessary, enhance business processes and technology infrastructure. • Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the product. • Purchase between 100 and 250 loans, representing an approximate one to three percent of the total manufactured housing purchases in Objective #1. These loans are included in the total manufactured housing purchases in Objective #1. o **Baseline**: Previously Fannie Mae introduced a product for the financing of quality manufactured housing loans, MH Select™, which had no deliveries in its last three years of availability (i.e., 2010-2012). However, based on renewed interest in the manufacturing of quality manufactured housing, and anticipated enhancements of and focused marketing for the new financing product, we believe we will be able to acquire between 100 and 250 loans of this product in its first year of production.
2019	• Explore opportunities to enhance or clarify policy to support appraisals that account for the value of distinguishing construction features or property characteristics specific to the variance or policy change implemented in 2018. If enhancements or clarifications were delivered prior to 2019, engage with industry participants to assess the value of those enhancements or clarifications and seek input on additional areas that may affect appraisal policy. o Engage appraisers about Fannie Mae requirements and acquire feedback to establish best appraisal practices. o Assess appraisals for loans delivered in 2018 and 2019 under the variance or product offering. • Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the product. • The following actions are necessary to address the reality that introducing a new manufactured housing finance product that involves commitment from participants across the industry is difficult. Fannie Mae's role as product developer is not limited to introducing a product in its Selling Guide, it also entails significant outreach and education to lay the groundwork for future success, in the form of loan purchases. o Identify opportunities to market loan product and disseminate key information to manufactured home retailers and other key industry stakeholders. Launch campaign and evaluate success. o Conduct foundational research to gauge consumer perception of manufactured housing, and leverage findings to build out consumer-facing education campaign. Launch campaign and evaluate success. o Support consumer and lender product adoption by promoting the installment of manufactured homes in subdivisions.
2020	• Enhance, modify, or simplify product offering as needed based on customer feedback and performance of the variance or product. Alternatively, introduce at least one policy change or variance that strategically aligns with the product and, thus, supports its growth and long-term prospects for success. • As appropriate, continue product development activities initiated in prior years. • Build upon consumer awareness created with the 2019 campaign by continuing to target consumers in high-volume manufactured housing markets, and extending into new markets if feasible. • Develop outreach strategy aimed at educating and promoting product adoption amongst non-traditional manufactured housing stakeholders. Specifically:

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<tr><th>Year</th><th>Actions</th></tr>
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Foster relationships between retailers ordering the eligible home product and at least 10 committed lenders, in areas known to be conducive for real property manufactured housing financing.
Provide direct support and product education to a lender with an extensive retailer network across several States, in anticipation of a broader rollout.
Conduct nationwide analysis to identify geographic areas of the country which would present viable opportunities for subdivision development leveraging eligible homes. Promote the findings of this analysis, and leveraging that analysis, engage with at least three land developers to explore subdivision projects with the product.
Launch an awareness and education campaign with manufactured housing appraisers focused on the product.

</td></tr>
<tr><td>2021</td><td>

As appropriate, continue product development activities initiated in prior years.

Engage with lenders and other stakeholders to inform whether and how to enhance, modify, or simplify the design or implementation of MH Advantage®.
Specifically, maintain outreach methods successful in prior years (and described in detail under Objective 4 of this section) to solicit feedback from lenders, manufacturers, retailers, developers, realtors, appraisers, title agents, and others.
Share information on MH Advantage financing and MH Advantage eligible homes via popular manufactured housing digital platforms/channels to educate consumers and to provide a cohesive library of information on MH Advantage financing for various manufactured housing stakeholders, such as retailers and lenders.
Produce a report on findings from these engagements, describing expectations for product development efforts, accomplishments, and next steps.

Conduct and publicize research in support of MH Advantage.

Analyze manufactured housing zoning constraints in municipalities across the country.
Publish and promote analysis for public consumption to illustrate implications of zoning constraints on manufactured housing and MH Advantage.
Develop a comprehensive guide/toolkit to provide direction to builders/developers throughout the manufactured housing construction process.

Expand awareness of MH Advantage to facilitate adoption of eligible homes in neighborhood settings.

Engage at least three private land developers to share information on MH Advantage to discuss viability of the product in these settings.
Engage at least three community land trusts to share information on MH Advantage to discuss viability of the product in these settings.
Engage at least two representatives of a manufactured housing condominium or other form of development to share information on MH Advantage and discuss viability of the product in these settings.
Develop a proof of concept for this business model by producing a case study on MH Advantage homes in neighborhood settings. Promote this resource to relevant stakeholders.

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Many moderate-income families cannot afford to buy a home due to the increasing costs of newly constructed homes and decreasing supply of existing, affordable homes. This product aims to promote quality manufactured homes as an acceptable alternative to site-built homes and will allow moderate-income families to purchase a manufactured home with lending terms similar to those for site-built homes, ultimately increasing liquidity to the market.

Fannie Mae has significant experience evaluating, developing, setting standards for, and purchasing enhanced loan products. Accordingly, we believe the Objective is reasonable and can be achieved within the time periods described. The ultimate opportunity available in this market is to finance mortgages secured by quality manufactured housing. This enhanced loan product will be supported by thorough economic, risk, and operational analysis, will be subject to Fannie Mae's governance and approval processes, and will only be acquired consistent with safety and soundness concerns.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Loan Product	Loan Product	Loan Product	Outreach

4. *Objective #4: Engage with Industry Stakeholders in a Way that Addresses Market Needs (Partner and Innovate).*

Meeting the Challenges
Manufactured housing lenders and other stakeholders have financing needs that can be distinct from other lenders. In an effort to understand and to be responsive to these needs, Fannie Mae must be intentional with how it interacts with the broader manufactured housing industry, ensuring that these activities result in gathering meaningful and actionable information.

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2021	• Maintain interaction with the broader manufactured housing industry using methods previously shown to be successful, for the purpose of informing future research and product development activities. o Host one manufactured housing roundtable with cross-functional industry representation to capture diverse perspectives. o Participate in at least one key industry conference in every quarter, to remain current on activities and developments in the market and to inform future decisions and prioritization. o Continue a partnership from 2019 and 2020 with an organization that specializes in counseling and education on factory-built housing, which includes manufactured housing homeowner education. • Expand and improve upon industry interaction strategies to promote the broad set of Fannie Mae manufactured housing products, capabilities, and resources. Potential products to highlight include standard manufactured housing, MH Advantage, manufactured housing single-wides, and manufactured housing with Homestyle® Renovation or Homestyle® Energy. Potential manufactured housing capabilities to highlight include manufactured housing construction-to-permanent, fully amortizing manufactured housing purchase, and manufactured housing

Year	Actions
	refinance. Potential manufactured housing resources include titling and appraisal documents produced and launched in 2020, marketing materials, and other documentation to support manufactured housing lending. ○ Analyze what was effective and what was not during three prior years' industry outreach activities. ○ Use that information to engage with 25 lenders that have been identified as reasonably likely to increase loan deliveries; these lenders may or may not have been approached in 2018, 2019, or 2020. ○ Where appropriate, broaden target stakeholders to include, for example, researchers, non-profit entities, housing counselors, and advocacy organizations. ○ Produce a report on findings from these engagements, describing expectations for product development efforts, accomplishments, and next steps. • Based on analysis of 2020 manufactured housing lending trends in light of the COVID-19 pandemic, provide support to the most pandemic-affected segments of the market. ○ For example, Fannie Mae will provide resource support to manufactured housing servicers on topics related to loan modifications and forbearance or partner with manufactured housing titling experts to accelerate title conversion in markets where administrative delays have impacted lending volumes.

Fannie Mae has deep experience with manufactured housing industry outreach, including but also preceding activities listed in the first three years of this Plan. The Actions described in this Objective build upon what has been successful in the past.

Criteria	2018	2019	2020	2021
Evaluation Factor:	n/a	n/a	n/a	Outreach
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

B. Regulatory Activity: Chattel. Loans on manufactured homes titled as personal property (12 C.F.R. § 1282.33 (c) (2)).

Note: Fannie Mae seeks extra credit for this Activity.

1. *Objective #1: Conduct outreach, perform research, and promote information sharing that supports the development of a chattel loan pilot and market standardization of the product (Analyze, Partner and Innovate).*

Meeting the Challenges
Manufactured housing titled as personal property (chattel) makes up the majority of manufactured housing in the U.S. However, financing options are limited, and the market is faced with numerous challenges, including: • The lack of overall market transparency makes it difficult to understand risks which discourages Enterprise, lender, and investor participation in the market. • Market data and information on chattel is largely unavailable. • There is a lack of understanding of how chattel loans perform. To address these challenges, Fannie Mae will: • Conduct significant market outreach, research, and data acquisition to better understand requirements and best practices on matters such as loan origination, collateral valuation, servicing standards, applicable legal requirements, and financial risks. • Seek data standardization to improve data availability. • Publish to the public Fannie Mae's learning and experience to promote transparency, encourage collaborative engagement, and inform future research and development.

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions

2018	• To maintain engagement with the industry, stay current on the dynamics and challenges facing the chattel market, and acquire information to assist in the development of a chattel pilot, Fannie Mae will:
	  ○ Host two manufactured housing advisory council meetings with representation from the chattel manufactured housing industry. The advisory council will include at least five lenders (as the industry is dominated by a small number of lenders, Fannie Mae will include both large volume and small volume lenders on the advisory council), one industry trade association, two manufactured housing retailers, one industry data services company, two chattel loan servicers, one consumer advocacy group, and three manufacturers representing small, regional, and large companies. To effectively manage the advisory council, Fannie Mae will develop a stakeholder management plan to assist with identification of all key stakeholders, critical information needs, key risks and mitigants, capture of stakeholder feedback, and items requiring follow-up.
	  ○ Participate in:
	    ▪ Two key industry conferences.

Year	Actions
	▪ Two regional conferences serving different geographic areas. ▪ One manufactured home show. • Conduct and publish to the public, one analysis that highlights the legal differences between chattel and real property secured manufactured homes (e.g., disclosures, State titling requirements and investor responsibility, and liability) to inform a chattel pilot. • Acquire industry chattel data and information essential to the development of a chattel pilot such as: ○ Chattel loan origination, performance and loss severity data from lenders, servicers, FHA Title I, and other government programs. ○ Consumer disclosure and protection requirements for unit sales, loan origination, and loan servicing. ○ Chattel valuation and appraisal data, including homes in communities and on private land. ○ Chattel lending underwriting guidelines, servicing and disposition best practices and policies, and investor reporting requirements. ○ State and local titling, insurance, disposition, and decommissioning requirements. ○ Credit enhancement structures to reduce economic risk to Fannie Mae. • Publish to the public a comprehensive set of learning and analysis from all outreach activities to promote transparency across the housing industry and encourage collaborative engagement.
2019	• To maintain engagement with the industry and stay current on the dynamics and challenges facing the chattel market Fannie Mae will leverage our outreach format established in 2018 (e.g., meetings of advisory council, participation in conferences and manufactured housing shows, etc.) to address the following: ○ Communicate pilot development and early findings. ○ Promote credit and servicing standards to establish standardization. • Establish chattel data standards with the industry to promote standardization. • Obtain pilot feedback to inform any changes. • Publicize update to experience gained from chattel loan purchases to promote transparency, awareness, and inform future research.
2020	• To maintain engagement with the industry and stay current on the dynamics and challenges facing the chattel market, Fannie Mae will leverage our outreach format established in 2018 (e.g., meetings of advisory council, participation in conferences and manufactured housing shows, etc.) to address the following: ○ Communicate pilot progress and industry updates. ○ Identify opportunities for research and collaborative engagements to further the future of a sustainable chattel secondary market. • Publish an update for the public on experience gained from chattel loan purchases to promote transparency, awareness, and inform future research. • Establish outreach and research strategy for the 2021 – 2023 Duty to Serve Plan and potential options for developing future chattel activities.

Manufactured housing titled as chattel represents the largest U.S. housing market opportunity for which Fannie Mae currently does not provide liquidity. To participate in this market, Fannie Mae's strategy is to conduct outreach and maintain an annual commitment to the advisory council, regional and national conferences, and other events to understand all aspects of chattel lending for the life of the loan from origination practices to loan servicing to loss mitigation and property disposition. In addition, Fannie Mae will establish advisors who currently participate in chattel financing and may provide valuable insights into the challenges and successes within this dynamic market. Taking such steps are prerequisites to being able to determine whether Fannie Mae may participate in this market, consistent with notions of safety and soundness. Fannie Mae has significant experience conducting outreach efforts in the marketplace and participating in market activities. Fannie Mae will publish our findings and experience annually for the public to provide transparency and promote collaborative engagement. Based on our experience analyzing markets, developing new products, and creating pilots, Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described.

The Objective requires substantial use of Fannie Mae resources to maintain market engagement, manage industry relationships, establish standards, and publish findings to promote collaboration and inform future development.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Outreach	Outreach	Outreach	n/a
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

2. *Objective #2: Establish a chattel loan pilot structure and secure approval from FHFA to purchase chattel loans (Do What We Do Best).*

Meeting the Challenges
While Fannie Mae has acquired chattel loans in the past and continues to hold some of these loans, Fannie Mae does not currently purchase chattel loans and FHFA has indicated that Fannie Mae must secure its approval to do so. Before approval can be secured, Fannie Mae must establish the parameters by which it will purchase chattel loans. The challenges in the market are: • Currently, there are only a handful of lenders originating loans in the primary market and there is no secondary market. • Lenders which make chattel loans hold them in portfolio so there has been no move towards product consistency. • Loans lack uniformity and standardization. Accordingly, facilitation of a secondary market requires significant efforts to address these challenges, including: • Establishing consumer protection, credit, collateral, and servicing standards for any purchase of chattel loans. • Gathering information on legal requirements and assessing financial risks. • Pursuing internal and FHFA approval to purchase chattel loans in 2019 and 2020. • Providing transparency and encouraging collaboration by publishing findings and insights annually for the benefit of the public.

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

2018	• Prepare one set of consumer protection, credit, collateral, and servicing policies and standards to acquire chattel loans in a safe and sound manner and establish metrics for monitoring activity. • Obtain full approval to pursue chattel pilot by completing the following: ○ Complete FHFA Notification of New Activity pursuant to 12 CFR Part 1253.4 and submit for approval to purchase chattel loans. ○ Pursue internal approval to purchase chattel loans. ○ Pursue FHFA approval for the purchase of chattel loans. • Assess impact and modifications to operations technology and infrastructure in order to implement changes for chattel pilot purchase.
2019	Subject to internal and FHFA approvals in 2018, Fannie Mae will: • Implement chattel pilot monitoring capabilities. • Purchase outright, participate in a debt structure, or guarantee 1,000 chattel loans (UPB of approximately $60 million). • **Baseline**: Because Fannie Mae has not purchased any chattel loans since 2006, a Baseline cannot be reasonably established for these purchases. Moreover, the primary purpose for purchasing these loans is analysis and research rather than contributing liquidity to the market, although the purchases will, in fact, contribute liquidity. Accordingly, the number of loans purchased has been established because, based on our experience of acquiring loans and analyzing loan performance, it represents a sufficient sample for initial analytical purposes while not creating safety and soundness concerns.
2020	• Facilitate an opportunity to analyze a larger sample of loans by purchasing outright, participating in a debt structure, or guaranteeing an additional 1,000 chattel loans. • Define chattel pilot terms for the 2021 – 2023 Duty to Serve Plan based on learning from purchase activity in 2019 and 2020.

Manufactured housing titled as chattel represents the largest housing market in which Fannie Mae currently does not provide liquidity. In addition to requesting FHFA approval to develop a chattel pilot, Fannie Mae must seek internal approval to purchase chattel loans. The number/UPB of loans approved for purchase must meet safety and soundness standards while also meeting the requirement to be a sufficient number so as to be appropriate for analysis and to gain an understanding of their performance. Fannie Mae's strategy is to leverage the pilot to develop a sustainable chattel solution.

The Objective establishes the credit criteria and servicing standards for Fannie Mae to participate appropriately and attract private capital to the chattel market and provide direct liquidity of up to approximately $120 million to the chattel market. The acquisition of chattel loans is essential in determining impact to Fannie Mae's infrastructure and processes as part of a comprehensive assessment of the chattel pilot. Acquisition of chattel loans will also provide Fannie Mae direct and fully transparent access to chattel loan performance and servicing, which will inform chattel product development efforts and will supplement the information and data to be publicized.

Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described. The Objective requires substantial use of Fannie Mae resources including capital markets, analytics, risk, and operations as it is a complex challenge that impacts many areas across multiple disciplines.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Loan Product	Loan Product	Loan Product	n/a
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

3. *Objective #3: Explore securitization structures that attract private capital and provide sustainable liquidity to the chattel market (Do What We Do Best).*

Meeting the Challenges
Manufactured housing titled as personal property is currently financed by private lenders that hold the assets in private portfolios. This creates the following market challenges: • The lack of a secondary market to provide liquidity to chattel lenders and attract other sources of private capital. • Interest and appetite in the capital markets for a chattel backed security is unknown. • Different chattel security structures must be researched to determine plausible and optimal structure options. To address these challenges, Fannie Mae will: • Conduct significant market outreach and research to better understand the capital market interest in a chattel-backed security. • Identify potential securitization solutions based on outreach and research.

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions

2018	• Study the chattel market to understand the opportunity to develop a chattel security.
	  ○ Acquire loan balance data for chattel originations over the last five years to determine the overall size of the chattel market and market size trends.
	  ○ Identify the top 10 originators and their market share, and determine if loans are being sold. If chattel loans sales are of a significant volume, gather additional information about the investors.
	• Explore the requirements for structuring a chattel security, including:
	  ○ Determining if mortgage backed securities can be comprised of personal property assets.
	  ○ Determining if LTVs above 80 percent would be allowed in a security, and, if so, determine what credit enhancement options are acceptable or required, noting that mortgage insurance is not available for chattel loans.

Year	Actions

	• Engage rating agencies via teleconference to gather information about opportunities and requirements to rate a chattel security.
	  ○ Establish points of contact with Moody's, Standard & Poor, and Fitch Ratings to engage throughout chattel pilot development.
	  ○ Gather information on any historical data held by the rating agency and/or the data that would be needed to support a chattel security rating.
	  ○ Discuss security structure options and credit enhancement requirements.
	• Research tax and accounting issues associated with a chattel security to gain understanding of items such as implications to GAAP earnings and the effect on Fannie Mae's balance sheet.
	• Explore security structure options to address credit risk and pricing issues. Leverage loss projections created by an analysis of data gathered in Objective #1 to assist in exploration of options such as retaining a first loss position and bond guarantees.
	• Engage lenders and/or dealers with previous experience with chattel securities to gain insight on data and performance information and an understanding of underwriting criteria and lessons learned from their experience.
	• Engage private equity fund managers with knowledge and experience in manufactured housing to discuss market potential, roadblocks, and plausible products and structures.
	• Use learning acquired through 2018 actions to inform future actions in 2019 and 2020.

Manufactured housing titled as chattel represents the largest housing market in which Fannie Mae currently does not provide liquidity. The Underserved Market Plan seeks to establish a chattel pilot, subject to approval from FHFA, to purchase the pilot loans. However, holding loans in portfolio is not a sustainable solution for Fannie Mae. Thus, the ability to create chattel securities is essential. Given there have been no new chattel securities introduced to the capital market since the mid-2000s, there is a lack of chattel performance data for investors to understand the prepayment and default risk in chattel loans; therefore, the investor appetite for a chattel security is unknown.

Fannie Mae's strategy is to conduct outreach and research to understand the capital markets opportunity. Furthermore, Fannie Mae will establish advisors who may provide valuable insights into the potential securitization structures for chattel consistent with notions of safety and soundness. Fannie Mae has significant experience securitizing mortgage loans efficiently and in a manner that receives market interest, but has not done so with chattel loans. Fannie Mae will seek market feedback to validate and prioritize the most appropriate security structures to inform strategy for the 2019-2020 Underserved Market Plan. Based on this experience and the available resources, Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described.

The Objective establishes the foundation for future securitization that is needed to develop a sustainable secondary market for chattel loans and leverages the credit criteria and servicing standards established through the chattel pilot. The future success for chattel securitization is based on the ability to accurately project demand for Fannie Mae liquidity balanced with the demand for the subsequent security.

The Objective requires substantial use of Fannie Mae resources including capital markets, analytics, risk, and operations.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Outreach	n/a	n/a	n/a
Income Levels:	Very Low-, Low- and Moderate-Income Levels			

C. Regulatory Activity: Manufactured housing communities owned by a governmental entity, non-profit organization, or residents (12 C.F.R. § 1282.33 (c) (3)).

1. *Objective #1: Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively "Non-Traditional Owners") through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae's experiences (Analyze, Partner and Innovate).*

Meeting the Challenges
The MHC finance market faces several key challenges, including: • The market opportunity for MHC with Non-Traditional Owners cannot easily be determined because of a lack of data. • MHC with Non-Traditional Owners often does not fit standard MHC underwriting criteria, including that the transactions may have a higher LTV, subordinated debt, and a key principal/sponsor with a non-standard counterparty profile. These distinctions undermine the standardization required to contribute additional liquidity to the market. To address these challenges, Fannie Mae will: • Engage in outreach and research activities with key stakeholders to attain a greater understanding of liquidity needs in the Non-Traditional Owners market. • Use the information gathered through outreach and market research to identify potential product enhancements that could increase the provision of liquidity to the Non-Traditional Owners market by creating greater standardization. • Design and implement a pilot program focused on ROC to test and learn about the needs and risk characteristics of ROC and what potential financing roles exist for Fannie Mae. • Increase loan purchases in the Non-Traditional Owners MHC market. • Utilize the information that is gathered and analyzed to increase greater awareness and acceptance of MHC with Non-Traditional Owners by publishing and distributing it to the public to encourage capital sources to venture into lending and investing where they may not have done so previously.

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

<table>
<tr><th>Year</th><th>Actions</th></tr>
<tr><td>2018</td><td>

Research the Non-Traditional Owners MHC market to gain knowledge of the current market barriers and challenges by:

Meeting with three government entities and three non-profits that own or are considering owning MHC.
Meeting with four entities that focus on ROC to gain knowledge of market barriers and challenges.

Research existing financing options for MHC with Non-Traditional Owners to gain knowledge of the current market barriers and challenges by:

Meeting with four Fannie Mae lenders that have significant involvement in MHC finance.
Meeting with three non-Fannie Mae lenders that have experience with MHC finance including structures for Non-Traditional Owners.
Participate in two key industry conferences in order to gain exposure to a larger cross-section of the MHC market.
Host/participate in one manufactured housing roundtable to discuss the market and opportunities for MHC with Non-Traditional Ownership.

Utilize results from outreach/research activities to identify potential changes, consistent with safety and soundness, to current Fannie Mae MHC guidelines that could result in increased liquidity to meet the needs of Non-Traditional Owners.
Review and approve one to three guideline changes that will facilitate additional standardization for, and therefore liquidity to, the Non-Traditional Owners MHC market with a focus on government and non-profit ownership. (For activities related to resident ownership, see discussion of pilot below).
Based on outreach and research conducted as part of the loan product development process, review and refine Baseline loan purchase goals for 2019.
Educate three lenders that have had involvement in subject guideline changes so that the lenders are able to increase their loan originations for MHC with Non-Traditional Owners.
Design a pilot program (including implementation plan) specifically for ROC that can be used to test potential guideline changes that could increase loan purchases for ROC. The plan will include details for ongoing management, monitoring, and reporting for 2019 and 2020.
Establish a plan to create and distribute a white paper that documents Fannie Mae’s experience and findings that can eventually be made publicly available to other market participants interested in financing loans for MHC with Non-Traditional Owners.
Confirm 2019 loan purchase goals based on 2018 research and outreach.

</td></tr>
<tr><td>2019</td><td>

Purchase four loans secured by MHC owned by government entities and/or non-profits.

Baseline: To date, Fannie Mae has purchased one loan that is secured by a non-profit owned MHC which serves as the Baseline. The loan purchase goal will be reviewed and confirmed again in 2018 (noted above).

Implement pilot program for ROC loan purchases and purchase five loans.

</td></tr>
</table>

Year	Actions
	◦ **Baseline**: To date, Fannie Mae has not made any loan purchases for ROC. Although Fannie Mae has a solid history of purchasing MHC loans, ROC present a number of unique characteristics. These include higher overall leverage and ownership entities that do not fit Fannie Mae's historical MHC counterparty profile. As a result, Fannie Mae's past MHC loan purchase history is not a good indicator of future ROC loan purchases. Based on this analysis, Fannie Mae has determined that the ROC loan purchase Baseline is zero. However, Fannie Mae has collaborated with ROC USA® to estimate the market for ROC financing over the term of the Plan as well as a reasonable initial loan purchase target for Fannie Mae of five purchases. The analysis leading to this Baseline is as follows. ROC USA projects roughly 75 ROC transactions will occur during the term of the Plan. This estimate was established by first estimating the number of potential MHC with 50+ units (the size of MHC that ROC USA most frequently encounters in its work) in each of the States where ROC USA has a technical assistance provider (14 current States and three in process of becoming ROC USA technical assistance providers) and adjusting the numbers to account for MHC owned by REITs or consolidators (given those MHC rarely come on the market for financing). ROC USA then used a factor between two percent and five percent (depending on the State) to estimate that 500 MHC may actively be marketed for sale in the next five years. Looking at the capacity of its technical assistance provider network and estimating its overall capacity to facilitate MHC sales to residents, ROC USA reduced the estimate to 125 MHC over five years (25 percent of 500 MHC) or 75 MHC over the three year term of the Plan. ROC USA currently completes between 10 and 12 ROC financings per year (roughly half of the potential annual transactions over the term of the Plan). Fannie Mae believes that setting a goal of purchasing at least five ROC loans in 2019 (approximately 50 percent of ROC USA's current estimated annual loan volume) is a meaningful target for the first year of ROC loan purchases. • Prepare a review of the results to date of the pilot program and identify what, if any, guideline or other changes might be required based on performance to date coupled with ongoing industry outreach and research. • Continue ongoing outreach activities to increase our understanding of the Non-Traditional Owners market to ensure our work is correctly targeted to increasing liquidity in this market over the previous year including: ◦ Meeting with two additional government entities (i.e., not met with previously) that own or are considering owning MHC and with at least two additional non-profits that own or are considering owning MHC to obtain their input regarding the challenges that affect this market. ◦ Meeting with two additional non-Fannie Mae lenders (i.e., not met with previously) that have experience with MHC finance, including MHC with Non-Traditional Owners, to obtain their perspective regarding additional challenges that affect this market over previous year. ◦ Participating in two key industry conferences to gain additional perspective on information gained in the previous year. ◦ Hosting/participating in one manufactured housing roundtable with key stakeholders to gain additional knowledge over the previous year and use the information to further increase our understanding of the market. • Continue work on a white paper by collecting and documenting Fannie Mae's outreach, product development, and loan purchase activities during 2019 with respect to MCH with Non-Traditional Owners. • Confirm 2020 loan purchase goals based on 2019 research and outreach.

<table>
<tr><th>Year</th><th>Actions</th></tr>
<tr><td>2020</td><td>

Purchase three loans secured by a Non-Traditionally owned MHC (Resident-owned, government owned or non-profit owned).
Continue to monitor the results of the pilot, and identify what, if any, changes might be required based upon performance to date.
Make a determination of next steps for pilot including: to continue as a pilot for further examination, to approve some or all of the pilot as product enhancements to be rolled out, or to terminate pilot due to adverse findings with regard to safety and soundness or other issues.
Hosting/participating in one manufactured housing roundtable.

</td></tr>
<tr><td>2021</td><td>

Finance three Non-Traditionally Owned MHC properties (Resident-owned, government owned, or non-profit owned), which represents approximately 430 units[27], and one ROC pilot loan which represents approximately 89 units.[28]

Baseline: Fannie Mae has not acquired any loans secured by a Non-Traditionally Owned MHC or ROC Pilot loans over the last three years.

<table>
<tr><th colspan="4">Baseline Data for ROC Loan Purchase Pilot and Non-Traditional Loans</th></tr>
<tr><td></td><td>2017</td><td>2018</td><td>2019</td></tr>
<tr><td>Resident-Owned MHCs (ROCs)</td><td>n/a</td><td>0</td><td>0</td></tr>
<tr><td>Gov't and Nonprofit owned MHCs</td><td>n/a</td><td>0</td><td>0</td></tr>
<tr><td>Total</td><td>n/a</td><td>0</td><td>0</td></tr>
</table>

Conduct outreach activities to identify new potential partners, provide market intelligence, and evaluate opportunities for Fannie Mae to increase volume of Non-Traditionally Owned MHC, including:

Meet with two additional (i.e., not met with previously) government entities and non-profits that own or are considering owning MHC.
Meet with two additional (i.e., not met with previously) non-Fannie Mae lenders that have experience with MHC finance including structures with Non-Traditional Owners.
Participate in two key industry conferences.
Collaborate with Delegated Underwriting and Servicing (DUS®) lenders who are working to expand their reach in the Non-Traditionally Owned MHC market via strategic one-on-one conversations and other means of communication.
Work with key ROC Pilot stakeholders to evaluate program parameters and look for opportunities to better align the program with market needs. Finalize case studies and lessons learned about Fannie Mae financed Non-Traditionally Owned properties. Develop and execute a communications plan to inform key MHC industry stakeholders through presentations at industry events and other means of distribution.

</td></tr>
</table>

Fannie Mae has served the MHC market for nearly 18 years and has purchased just under $11 billion in MHC loans since 1999. Fannie Mae has a solid familiarity with the numerous stakeholders across the MHC industry. However, while aware

27 Unit count based on estimate of average number of DTS-eligible units per loan secured by a Non-Traditionally Owned MHC.
28 Unit count based on estimate of average number of DTS-eligible units per loan secured by a ROC MHC.

of the potential need for financing MHC with Non-Traditional Owners, Fannie Mae has considered purchasing such loans only on a one-off and exception basis. To strategically address loan purchases of MHC with Non-Traditional Owners and to determine the market opportunity, Fannie Mae must conduct research and outreach to key market stakeholders. Fannie Mae will use the information gathered to identify potential product enhancements that could increase the provision of liquidity to the Non-Traditional Owners market and create greater standardization.
Designing, assessing, and implementing a pilot program for ROC is consistent with Fannie Mae's strategy of providing liquidity to the market. However, while reasonable estimates are available, the market opportunity for ROC cannot be determined with appropriate certainty due to the lack of data. Fannie Mae will engage in outreach and research activities to attain a greater understanding of liquidity needs in this market. Fannie Mae will analyze the data gathered in conjunction with a review of existing MHC guidelines for the development of a pilot program. Fannie Mae will be able to enhance the MHC product, consistent with notions of safety and soundness, to accommodate this ownership. Fannie Mae has a long-standing history of providing capital to affordable housing (with income and other restrictions), MHC and cooperatives, all of which have common issues with ROC. In addition, Fannie Mae has solid relationships with lenders that are actively involved in financing MHC.

Fannie Mae regularly publishes white papers and similar documents to draw attention to affordable housing issues and potential solutions. By utilizing our national stature in the housing market, Fannie Mae may bring attention to affordable housing issues and potential solutions along the "Main Street" to "Wall Street" continuum. By publicly describing our successes and failures as we address MHC with Non-Traditional Owners, Fannie Mae may enhance knowledge of and spark investment in this affordable housing solution.

Based on this experience and the available resources, Fannie Mae has determined that this Objective is realistic and may be achieved within the time periods described.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Outreach	Loan Product	Loan Purchase	Loan Purchase
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

2. ***Objective #2: Establish pilot program for investments in non-profit organizations, Community Development Financial Institutions (CDFI), small financial institutions, or other entities that have a major focus on MHC with Non-Traditional Owners (Partner and Innovate).***

Meeting the Challenges
As indicated in several public comments, additional challenges for MHC with Non-Traditional Owners include: • There are very few financial entities that specialize in this type of MHC. • Entities that work with MHC with Non-Traditional Owners are often small and local or regional and have limited access to capital for financing, especially with respect to the earlier stages of acquisition/stabilization financing which may include higher LTVs, subordinate debt, and require other forms of long-term capital. To address these challenges, Fannie Mae will: • Design and conduct a pilot program, subject to receipt of FHFA approval, to test entity level financing to non-profit organizations, CDFI, small financial institutions, or other entities that have a major focus on development and financing of MHC with Non-Traditional Owners.

Meeting the Challenges
• Utilize pilot results in conjunction with the activities in Objective #1 to help determine the best role for Fannie Mae in supporting MHC with Non-Traditional Owners going forward, to provide long term permanent debt or to invest in intermediary financial organizations working with this product.

SMART Factors

Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions

2018	• Using Fannie Mae's multifamily product development process, design a pilot investment program that will include, but not be limited to, a review of:
	  ○ One to five potential investment types that could include:
	    ▪ Intermediary Line of Credit for CDFI and similar organizations.
	    ▪ Equity Equivalent Investment ("EQ2"), a relatively common investment structure utilized in the CDFI market.
	    ▪ Program Related Investment ("PRI") for CDFI and/or non-profit organizations. A PRI is a longer term debt investment at a below market interest rate that can be utilized as lending capital.
	    ▪ Purchase of certificates of deposit at small lending institutions.
	    ▪ Purchase stock in CDFI.
	• As part of the pilot, determine the following:
	  ○ Investment underwriting guidelines.
	  ○ Approval process requirements.
	  ○ Maximum allocated portfolio capacity.
	  ○ Asset management requirements.
	  ○ Reporting requirements.
	  ○ Performance measures including traditional financial measures as well as impact performance measures.
	• Secure preliminary internal approval for proposed pilot program.
	• Submit pilot program to FHFA for review and approval.
	• If the pilot program complies with Fannie Mae's Charter Act and receives approval from FHFA, implement the steps necessary to begin to make investments commencing in 2019.
	• Analyze lessons learned throughout the year in order to make adjustments to the Plan if necessary.

The need for capital investments in the underserved markets of the type described in this Objective was raised during the outreach Fannie Mae conducted in 2015, the comments that were received on the proposed Duty to Serve rule in 2016, and in the three listening sessions which took place in 2017. These comments define a significant market opportunity for these investments. Investment of this capital would in turn leverage significant funds into manufactured housing, which would enhance the market for MHC. Based on Fannie Mae's significant experience in developing products, acquiring approval and making investments of this nature, we believe this Objective is realistic and may be achieved within the time periods described. Any new investment would be subject to internal approval that would incorporate safety and soundness analysis. Implementation of this Objective is contingent upon a determination that the Objective and related Actions are compliant with Fannie Mae's Charter Act, and receipt of FHFA approval.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Loan Product	n/a	n/a	n/a
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

D. Regulatory Activity: MHC with certain pad lease protections (12 C.F.R. § 1282.33 (c) (4)).

1. *Objective #1: Conduct research and outreach to determine market opportunities for FHFA's minimum tenant pad lease protections (FHFA Pad Requirements), offer one loan product enhancement, and acquire loans (Test and Learn, Partner and Innovate, Do What We Do Best).*

Meeting the Challenges
The MHC finance market faces several key challenges, including: • Inconsistent legal requirements for tenant pad leases across the country. • No State law that meets all of the FHFA Pad Requirements. • Borrower resistance to adopting consumer-oriented pad leases. To address these challenges, Fannie Mae will: • Conduct research and outreach on potential acceptance by MHC owners of FHFA Pad Requirements. • Identify, approve, and market one product enhancement to Fannie Mae's MHC product that will encourage borrower adoption of the FHFA Pad Requirements. • Purchase loans secured by MHC that are subject to the FHFA Pad Requirements.

SMART Factors
Fannie Mae will undertake the following measurable Actions in the years indicated.

Year	Actions
2018	• Conduct outreach to three manufactured housing organizations to get more insight on the impact/effectiveness of the FHFA Pad Requirements and similar requirements in different locations as well as which protections have the most impact.

Year	Actions
	• Conduct outreach to five States that require the most significant number of pad lease protections included in the FHFA Pad Requirements to understand how such requirements are enforced and monitored. • Conduct outreach to 10 MHC owners (including ROC) and four lenders to better understand the barriers to incorporating the FHFA Pad Requirements and the market opportunities for financing MHC that meet the FHFA Pad Requirements. • Conduct outreach to five MHC owners to better understand any owner resistance to adopting FHFA Pad Requirements and how to address that resistance. • Based on the outreach and other research results, identify, review, and approve at least one product enhancement for lenders and/or MHC owners that would incent loan purchases secured by MHC that meet the FHFA Pad Requirements. • Review the 2019 loan purchase goal and Baseline to determine any necessary adjustments based on the knowledge attained through the activities completed during 2018.
2019	• Train three MHC lenders to market the product enhancement to 10 MHC owners to encourage the owners to adopt the FHFA Pad Requirements at their properties based on the response of the MHC owners. • Market product enhancement at appropriate trade conferences to increase awareness and loan purchases. • Acquire 431 units secured by MHC that meet the FHFA Pad Requirements. • **Baseline**: Because Fannie Mae has not purchased any MHC loans that meet the FHFA Pad Requirements, a Baseline cannot be reasonable established for these purchases. There are no States that currently require all of the FHFA Pad Requirements. The goal will be to acquire 431 units meeting the FHFA Pad Requirements, which also includes the purchases that will be made through Fannie Mae's 2019 ROC pilot. Review proposed 2020 loan purchase goal based on 2019 results.
2020	• Acquire 615 units secured by MHC that meet the FHFA Pad Requirements. • Review the product enhancement to determine its impact in the overall financing decision and to identify potential changes that would further increase loan purchases that meet the FHFA Pad Requirements.
2021	• Finance 35 MHC properties which provide residents tenant pad lease protections, representing approximately 3,745 units[29], a 50 percent increase over Baseline. ○ **Baseline**: Fannie Mae will use our 2019 acquisition data to set the Baseline at 23 properties.

	2017	2018	2019
MHC properties meeting the FHFA Pad Requirements	n/a	n/a	23

29 Unit count based on average Duty to Serve-eligible units per MHC property providing residents tenant pad lease protections.

Based on Fannie Mae's initial research, there are no States or localities that require all or substantially all of the FHFA Pad Requirements. MHC are unlikely to adopt such protections voluntarily. Accordingly, we believe there is little existing market opportunity for financing MHC subject to the FHFA Pad Requirements absent marketing of a product enhancement that incents MHC owners to adopt them. By conducting research and outreach to both our current and new MHC stakeholders, Fannie Mae could facilitate a greater understanding of the FHFA Pad Requirements and identify opportunities to incent developers, States, localities, and MHC owners to establish such protections where they are not required to do so. Based on Fannie Mae's significant experience in the MHC market and developing products, and our strong relationship with MHC owners and MHC lenders, we believe this Objective is realistic and may be achieved within the time periods described. Any product enhancements will be supported by thorough economic, risk and operational analyses, will be subject to Fannie Mae's governance and approval processes, and will only be made consistent with safety and soundness concerns.

Criteria	2018	2019	2020	2021
Evaluation Factor:	Loan Product	Loan Purchase	Loan Purchase	Loan Purchase
Income Levels:	Very Low-, Low-, and Moderate-Income Levels for all Years			

V. Overview of Objectives for Manufactured Housing

Activities and Objectives		2018 Evaluation Factor	2019 Evaluation Factor	2020 Evaluation Factor	2021 Evaluation Factor
A. Regulatory Activity: Manufactured homes titled as real property.					
1.	Increase the purchase volume of conventional manufactured housing secured by real estate each year of the Plan.	Loan Purchase	Loan Purchase	Loan Purchase	Loan Purchase
2.	Increase liquidity for manufactured housing titled as real property through industry outreach and increasing purchases.	Outreach	Loan Product	Loan Purchase	Loan Product
3.	Develop an enhanced manufactured housing loan product for quality manufactured housing and purchase loans.	Loan Product	Loan Product	Loan Product	Outreach
4.	Engage with Industry Stakeholders in a Way that Addresses Market Needs.	n/a	n/a	n/a	Outreach
B. Regulatory Activity: Manufactured homes titled as personal property.					
1.	Conduct outreach, perform research, and promote information sharing that supports the development of a chattel loan pilot and market standardization of the product.	Outreach	Outreach	Outreach	n/a
2.	Establish a chattel loan pilot structure and secure approval from FHFA to purchase chattel loans.	Loan Product	Loan Product	Loan Product	n/a
3.	Explore securitization structures that attract private capital and provide sustainable liquidity to the chattel market.	Outreach	n/a	n/a	n/a
C. Manufactured Housing Communities owned by a governmental entity, non-profit organization, or residents.					
1.	Increase liquidity to governmental entity, non-profit organizations, or ROC (collectively “Non-Traditional Owners”) through research, data analysis, loan product review and enhancement, implementing a pilot for ROC, and publishing Fannie Mae’s experiences.	Outreach	Loan Product	Loan Purchase	Loan Purchase
2.	Establish pilot program for investments in non-profit organizations, Community Development Financial Institutions (CDFI), small financial institutions,	Loan Product	n/a	n/a	n/a

	or other entities that have a major focus on MHC with Non-Traditional Owners.				
D. Regulatory Activity: MHC with certain pad lease protections.					
1.	Conduct research and outreach to determine market opportunities for FHFA's minimum tenant pad lease protections (FHFA Pad Requirements), offer one loan product enhancement, and acquire loans.	Loan Product	Loan Purchase	Loan Purchase	Loan Purchase