


Fannie Mae®

Annual Housing Activities Report

2022


2022 **at a glance**

Affordability

419,361
Rental units affordable to very low- and low-income families

542,740
First-time homebuyers helped to purchase a home

278,799
Very low- and low-income homebuyers helped

~3,400
Homebuyers were approved-eligible when they may not have been without including positive rent payment history

2.6M
Households helped to buy, refinance, or rent a home

Stability

16.6M
Diverse renters, homebuyers and homeowners engaged on key homebuying barriers and financial resiliency topics

Over 178,000
First-time homebuyers completed our HomeView® course and earned their certificate of completion

Over 16,000
Calls for support to Disaster Response Network™ and Mortgage Help Network

Over 11,000
Counseling sessions completed to help people stay in their homes after disaster or hardship

Liquidity

$684B
Provided in liquidity to the single-family and multifamily mortgage markets

598,000
Multifamily units financed

$10.5B
In Multifamily and Single-Family Green MBS issued

$11.8B
In Multifamily Social MBS issued

Over 2M
Single-family purchase and refinance loans acquired

Introduction

Fannie Mae was founded in 1938 with the public purpose of encouraging homeownership. Over the years, we have continuously sought to expand housing opportunities.

Today, our mission is to advance equitable and sustainable access to homeownership and quality affordable rental housing across America. Fannie Mae supports the housing market by purchasing and guaranteeing mortgage loans made by lenders and issuing mortgage-backed securities (MBS) backed by those mortgage loans that attract global investors. These activities help to enable affordable housing for individuals and communities.

This report is about our annual housing activities and performance set against the housing goals established by the Federal Housing Finance Agency (FHFA). This report describes a wide range of activities we accomplished in 2022 to provide leadership in creating housing opportunities that are affordable and stable.

This past year, low- and moderate-income families faced extraordinary challenges in the housing market, including a rapid increase in interest rates, elevated housing prices, a continuing shortage of affordable homes, and the impacts of significant inflation.

Despite these challenges, Fannie Mae continued to provide liquidity to help maintain affordability in the overall housing market and for underserved communities while supporting responsible lending. We also focused on research and developing solutions to help build a more equitable and sustainable housing experience for renters, homebuyers, and homeowners nationwide.

In this report, you will learn how Fannie Mae works to:

- Provide housing **affordability** by offering programs, products, and tools designed to help people secure affordable and stable housing.
- Support housing **stability** for more families to stay in their homes by providing homeownership and rental education, maintaining sustainable and inclusive credit standards, and offering foreclosure prevention options.
- Enable a stable source of **liquidity** for mortgage lending to help increase access to affordable homeownership and rental housing.

We are proud of this report, the work it describes, and the people and partners who are advancing our shared goals. Most of all, we are inspired by the opportunity to serve America's renters and homeowners.

About **Fannie Mae**

The Federal National Mortgage Association, better known as Fannie Mae, has a unique and vital role in the mortgage finance system. By purchasing mortgages from lenders, we provide liquidity to make sustainable mortgage financing accessible to more borrowers. In 2022, Fannie Mae helped approximately 2.6 million households buy, refinance, or rent a home.

But we do not do this alone. We work with many partners, including mortgage lenders and servicers, housing counselors, real estate agents, nonprofits, and other industry professionals to help people obtain a home and stay in that home when faced with hardship or disaster.

Fannie Mae's work is focused on two types of housing.

Single-Family

Our Single-Family business helps homebuyers purchase and refinance homes. We support mortgage lenders by acquiring the mortgage loans they originate. We package loans we acquire into MBS, providing credit guarantees that attract investors to the U.S. secondary mortgage market. Our financing solutions enable lenders to offer 30-year, fixed-rate mortgages, which provide homeowners stable, predictable mortgage payments over the life of their loans.

We develop and maintain underwriting, eligibility, and risk management standards for Fannie Mae loans through Desktop Underwriter® (DU®), our industry-leading underwriting system. We also establish servicing standards, including borrower assistance options for homeowners experiencing financial distress.

Multifamily

Our Multifamily business supports the availability of affordable rental housing in all markets across the country. We work with our multifamily lenders to provide funds to the mortgage market primarily by securitizing multifamily mortgage loans acquired from these lenders into Fannie Mae MBS, which are sold to investors or dealers. We also purchase multifamily mortgage loans and provide credit enhancement for bonds issued by state and local housing finance authorities to finance multifamily housing. We also continue to invest in Low-Income Housing Tax Credit (LIHTC) multifamily projects to help support and preserve the supply of affordable housing.

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About this document

In the sections that follow we provide our response to the 11 requirements set forth in the Fannie Mae Charter Act (12 U.S.C. § 1723a(n)(2)(A) through (K)). We grouped our responses by their alignment to three key activities supporting our mission — Affordability, Stability, and Liquidity. Footnotes at the start of each section specify which Charter Act requirement is being addressed. The Index at the end of this document also specifies which sections address particular Charter Act requirements.

Housing **affordability**

Expanding access to housing affordability is central to our mission. Learn about our goals, solutions, and dedication to creating industry partnerships that will help serve the housing needs of low- and moderate-income households across the country.

Our programs and products support affordable housing[1]

To support housing affordability, Fannie Mae works to understand and address the barriers renters and homeowners face when renting or buying a home. We offer products, programs, and tools designed to provide financing options to underserved communities.

Single-Family

Homeownership can seem out of reach for many people for a variety of reasons. Common obstacles include insufficient savings to cover down payments and closing costs, limited traditional credit history, lack of familiarity with the process of buying a home, and competition for a limited supply of quality affordable housing.

Fannie Mae has a suite of products and programs designed to assist first-time homebuyers and very low- to moderate-income borrowers by offering lower down payment options and lower-priced mortgages.

- **HomeReady®:** An affordable lending product designed to help our lender partners serve creditworthy low-income borrowers. Benefits include the flexibility of a low down payment, decreased mortgage insurance coverage costs, and lower costs of borrowing.

- **HFA Preferred™:** A product that enables participating Housing Finance Agencies (HFAs) to offer loans to borrowers with up to 97% loan-to-value (LTV) ratios. HFA Preferred is ideal for borrowers who have limited funds for down payment and closing costs and for those needing extra flexibilities on credit and income sources.

- **Community Seconds®:** A program authorized under Fannie Mae's guidelines that enables a subordinate mortgage financed by an HFA, a nonprofit, or government organization to be used in conjunction with a first mortgage delivered to Fannie Mae.

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[1] We use the term "affordable" in multiple contexts in this report and when gauging the extent to which our financing is supporting housing that is affordable for low- to moderate-income renters and homeowners. When addressing the needs of renters, we consider either rental cost or rent restrictions reported at mortgage origination. For homeowners, we use the mortgage borrower's household income as an indicator of affordability. To account for variations in regional costs of living and incomes, we standardize how we talk about household income by categorizing incomes relative to Area Median Income.

- **Manufactured housing (MH Advantage®, standard MH):** Manufactured housing (MH) serves as a significant source of affordable housing available to low- and moderate-income borrowers. Fannie Mae offers conventional financing for a range of MH properties. Fannie Mae's standard MH program covers traditional single-width and multi-width MH properties. Our MH Advantage program offers financing on specially designated MH homes that feature characteristics similar to site-built homes. Under the MH Advantage program, qualifying borrowers can finance up to 97% LTV.

- **Standard 97% LTV:** A fixed-rate product designed for first time homebuyers that offers 97% LTV, which is ideal for borrowers who have limited funds for down payment.

- **Refinancing:** A set of products that allows borrowers to reduce monthly payments, build equity faster, or find more stability if they have an adjustable-rate loan. Fannie Mae has a suite of options that can be used for refinancing, including RefiNow™, HomeReady, HomeStyle® Renovation, and HomeStyle® Energy.

Fannie Mae's financing for Multifamily Affordable Housing (MAH)[2] totaled $10.3 billion in 2022, up from $9.6 billion in 2021 and $7.9 billion in 2020.

Multifamily

Scarce supply of affordable rental units is one of the primary barriers to housing affordability for renters, resulting in competition for available units and renters stuck in high-cost or low-quality housing.

Fannie Mae is focused on supporting the preservation, rehabilitation, and creation of more affordable rental housing. We develop products that incentivize preservation of affordable units for low- and very-low-income households. We also support the development and preservation of housing in the underserved manufactured housing and rural markets, and our products and programs reflect our commitment to these markets.

- **Preserving affordable multifamily rental units:** Fannie Mae takes an active role in preserving and improving affordable housing for low-income renters. We work to make it easier for lenders to finance the production and preservation of rental housing by providing standardized, consistent, and scalable multifamily financing products, as well as flexible, tailored products that accommodate innovative and affordability-generating financing structures.

- **Low-Income Housing Tax Credit (LIHTC):** The federal LIHTC program supports the development of affordable rental housing for low- and very low-income households. Fannie Mae both provides direct equity investments in LIHTC properties and acquires loans on LIHTC properties. Refer to the Liquidity section for additional information.

- **Sponsor-Initiated Affordability (SIA):** Fannie Mae's SIA program seeks to address the gap in affordable housing supply, offering a pricing incentive for multifamily borrowers to voluntarily set aside at least 20% of units for households with income less than 80% of AMI through the life of the Fannie Mae loan. With SIA, Fannie Mae provides toolkits and guidance for property owners, offering an entry point for those who are new to the domain of housing affordability and a loan-level compliance framework for borrowers.

- **Expanded Housing Choice (EHC) initiative:** Fannie Mae's EHC pilot program offers new and innovative ways to fulfill our commitment to increasing access to affordable housing for renters. Our EHC voucher pricing incentive provides lower financing for property owners who accept Housing Choice Vouchers as a source of income in North Carolina and Texas, widening the housing options available to voucher holders.

[2] MAH includes properties with a minimum level of rent and income restricted units, properties receiving federal and state subsidies, properties with rent and/or income restrictions that meet a special public purpose, and properties eligible for SIA. For more information, refer to MAH Property Eligibility in our *Guide*.

Our affordable housing goals[3]

Housing goals

Since the passage of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992,[4] Fannie Mae has been required by statute and regulation to meet certain housing goals, and to report our progress each year to our regulator and to the responsible oversight committees in the United States House of Representatives and the United States Senate. In the Housing and Economic Recovery Act of 2008,[5] Congress designated the then-newly created FHFA with the responsibility for setting and enforcing housing goals. In October 2022, FHFA determined that we met all of our single-family and multifamily housing goals for 2021.

In 2021, FHFA established new single-family housing goal benchmarks for 2022 through 2024 and new multifamily housing goal benchmarks for 2022.[6] The 2022 benchmarks were set at significantly higher levels than our 2018 to 2021 goals. While 2022 was affected by significant changes in the economy that made achievement of the goals much more difficult, we believe we met the single-family housing goal benchmarks other than those for purchase loans for very low- and low-income families, and that we met all three multifamily goals, as set forth in the following tables. We expect final performance results for 2022 will be calculated and published by FHFA by the fourth quarter of 2023.[7]

Single-family qualifying very low- and low-income purchase money mortgages

278,799 mortgages acquired
$61B UPB

Single-family qualifying very low-income purchase money mortgages

69,919 mortgages acquired
$11B UPB

Single-Family Housing Goals	2022 Benchmark	2022 Market	2022 Performance
Low-Income Home Purchase Goal[8]	28%	TBD by FHFA	27.43%
Very Low-Income Home Purchase Goal[9]	7%	TBD by FHFA	6.88%
Low-Income Areas Home Purchase Goal[10]	20%	TBD by FHFA	29.59%
Minority Census Tracts Subgoal (new)[11]	10%	TBD by FHFA	13.53%
Low-Income Census Tracts Subgoal (new)[12]	4%	TBD by FHFA	9.33%
Low-Income Refinancing Goal[13]	26%	TBD by FHFA	34.72%

3 12 U.S.C. § 1723a(n)(2)(A): "include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals."

4 Pub. L. 102-550, tit. XIII, Oct. 28, 1992, 106 Stat. 3672.

5 Pub. L. 110-289, July 30, 2008, 122 Stat. 2654.

6 On December 14, 2022, FHFA finalized a new rule for 2023 and 2024 that sets benchmarks based on a percentage of units, rather than on the number of units.

7 Our 2022 results have not been validated by FHFA. After validation, they may differ from the results reported.

8 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 80% of AMI.

9 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 50% of AMI.

10 Home purchase mortgages on single-family, owner-occupied properties with borrowers in census tracts with median income no greater than 80% of AMI; borrowers with incomes no greater than 100% of AMI in minority census tracts; and borrowers in designated disaster areas. Minority census tracts are those that have a minority population of at least 30% and a median income of less than 100% of AMI. For 2022 to 2024, FHFA sets the low-income areas home purchase goal benchmark level on an annual basis by adding a disaster area increment to the sum of the benchmark levels for the minority census tracts subgoal and the low-income census tracts subgoal.

11 Home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 100% of AMI in minority census tracts.

12 (i) Home purchase mortgages on single-family, owner-occupied properties to borrowers (regardless of income) in low-income census tracts that are not minority census tracts, and (ii) home purchase mortgages on single-family, owner-occupied properties to borrowers with incomes greater than 100% of AMI in low-income census tracts that are also minority census tracts. Low-income census tracts are those where the median income is no greater than 80% of AMI.

13 Refinancing mortgages on single-family, owner-occupied properties to borrowers with incomes no greater than 80% of AMI.

Single-family housing goals performance is measured against both the FHFA-set benchmarks and the actual goal-eligible originations in the primary mortgage market (market share). We meet our single-family housing goals if we achieve either the FHFA-set benchmarks or the market share metrics. For any housing goals where our single-family performance falls below the benchmark, FHFA assesses our performance based upon the market share after the release of data reported under the Home Mortgage Disclosure Act,[14] which typically occurs in the fall after the performance year.

If our efforts to meet our housing goals prove to be insufficient, FHFA determines whether the goals were feasible. If FHFA finds that our goals were feasible, we may become subject to a housing plan that could require us to take additional steps, including describing the actions we would take to meet the goal in the next calendar year. The potential penalties for failure to comply with housing plan requirements include a cease-and-desist order and civil money penalties.

Multifamily qualifying very low- and low-income purchase money mortgages

419,361 units financed
$41B UPB

Multifamily qualifying very low-income purchase money mortgages

127,905 units financed
$10B UPB

Multifamily Housing Goals (units)	2022 Benchmark	2022 Performance
Low-Income Goal[15]	415,000	419,361
Very Low-Income Subgoal[16]	88,000	127,905
Small Multifamily (5 – 50 units) Low-Income Subgoal[17]	17,000	21,436

The dollar volume and number of mortgages on owner-occupied and rental properties purchased that relate to each of the housing goals are set forth in Tables 1A and 1B of the Annual Mortgage Report (AMR).[18]

[14] 12 U.S.C. § 2801 et seq.

[15] Affordable to low-income families, defined as families with incomes no greater than 80% of AMI.

[16] Affordable to very low-income families, defined as families with incomes no greater than 50% of AMI.

[17] Units in small multifamily properties (defined as properties with 5 to 50 units) affordable to low-income families.

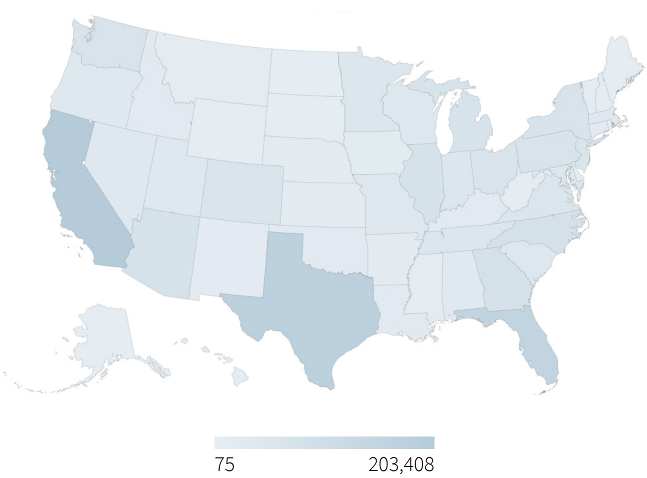
[18] The AMR is provided pursuant to § 309(m) of the Charter Act (codified at 12 U.S.C. § 1723a(m)).

We serve low- and moderate-income families across the country[19]

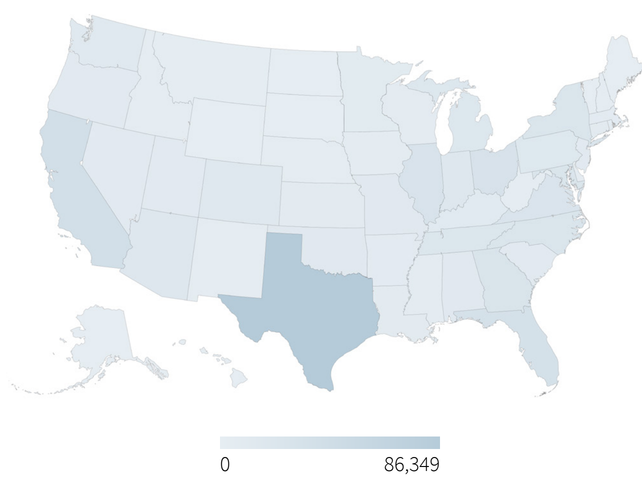
Fannie Mae seeks to be in all markets across the U.S., at all times. The factors that affect the distribution of our mortgage acquisitions include housing density in individual markets and local economic conditions in those housing markets. In 2022, Fannie Mae helped approximately 2.6 million households rent, buy, or refinance, a home. A substantial portion of the loans we purchase help to support renters and borrowers with incomes at or below the median income for their area.

Nearly 45% of the single-family loans acquired in 2022 were made to borrowers whose incomes were at or below AMI, and over 91% of multifamily units financed were affordable to renters whose incomes were at or below AMI. The distribution of these families by geography and other factors are represented in the maps and charts below.

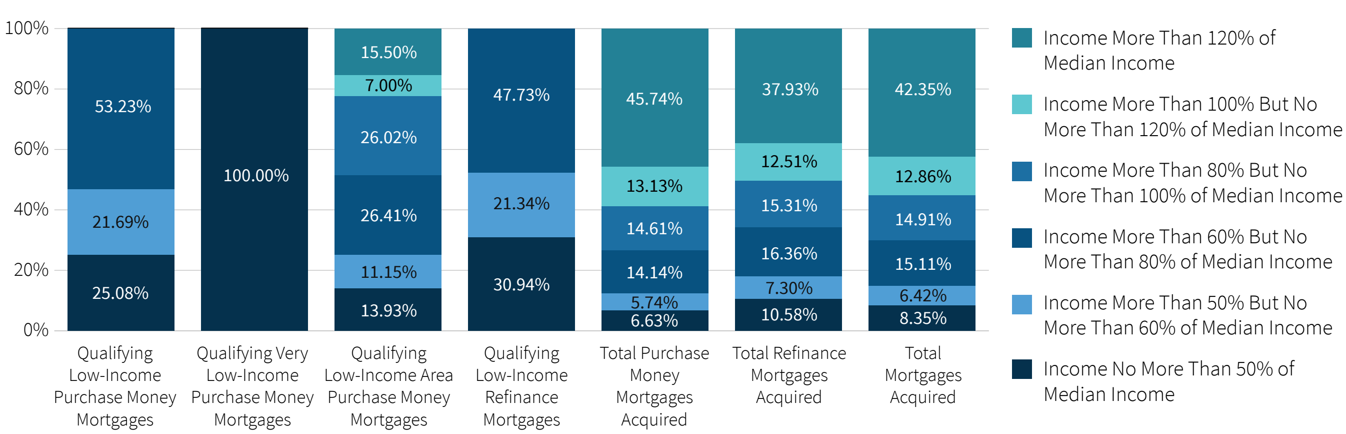
AMR TABLE 10A: DISTRIBUTION OF FANNIE MAE'S SINGLE-FAMILY OWNER-OCCUPIED MORTGAGE PURCHASES



AMR TABLE 10B: DISTRIBUTION OF FANNIE MAE'S MULTIFAMILY MORTGAGE PURCHASES

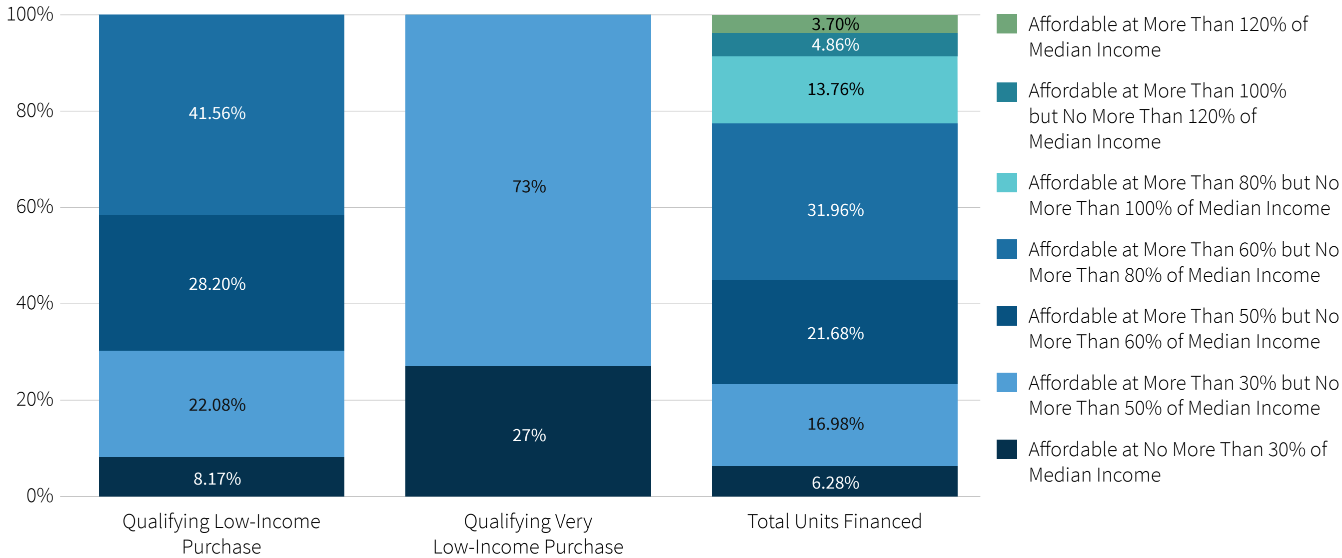


AMR TABLE 2: DISTRIBUTION OF SINGLE-FAMILY OWNER-OCCUPIED MORTGAGES BY INCOME CLASS OF MORTGAGOR(S)



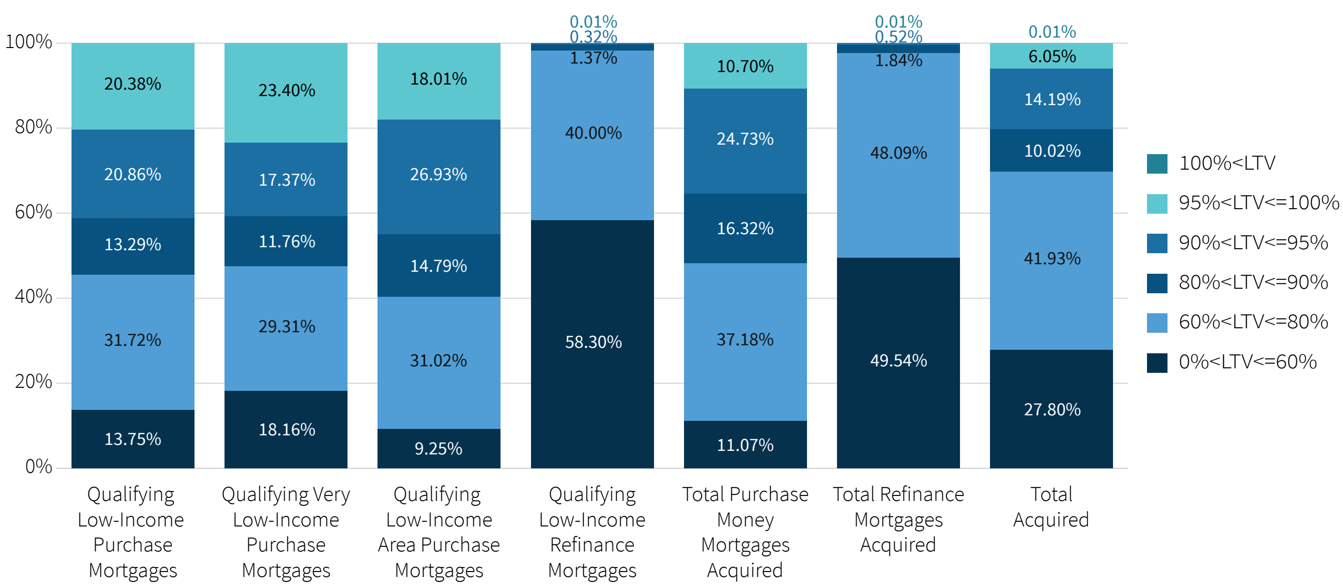
[19] 12 U.S.C. § 1723a(n)(2)(B): "include, in aggregate form and by appropriate category, statements of the number of families served by [Fannie Mae], the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of census tracts, and the geographic distribution of the housing financed."
12 U.S.C. § 1723a(n)(2)(E): "include, in aggregate form and by appropriate category, the data provided to the [FHFA] under subsection (m)(1)(B) [i.e., the LTV ratios of purchased mortgages at the time of origination]."

AMR TABLE 3A: DISTRIBUTION OF RENTAL UNITS FINANCED BY MULTIFAMILY MORTGAGES BY AFFORDABILITY OF RENT



AMR TABLE 11: DISTRIBUTION OF SINGLE-FAMILY OWNER-OCCUPIED MORTGAGE PURCHASES BY LTV CATEGORY

Fannie Mae's low down payment products, such as HomeReady and HFA Preferred, help enable very low- and low-income borrowers to purchase homes.



AMR Table 11 provides the LTV ratios of single-family mortgages on owner-occupied properties purchased by Fannie Mae.

The income class, race, and gender of homebuyers served, the characteristics of the census tracts, and the geographic distribution of the housing financed are set forth in more detail on AMR Tables 2, 3A, 3B, 4, 5A, 6, 7, 8A, 8B, 9, 10A, 10B, and 10C.

We provide access to first-time homebuyers[20]

Our efforts, including those described in the next section, supported over 540,000 first-time homebuyers to purchase a home in 2022, representing more than 45% of single-family mortgage acquisitions despite it being a challenging year for homeownership.[21]

The percentage of single-family home purchase mortgages acquired by Fannie Mae on owner-occupied properties made to first-time homebuyers in 2022 under special products and programs (or revisions to conventional products) included the following:

Products and Initiatives	Percentage of Mortgages Made to First-Time Homebuyers
HomeReady	82.58%
HFA Preferred	94.79%
97 LTV[22]	100.00%
Non-HFA Community Seconds	92.49%

[20] 12 U.S.C. § 1723a(n)(2)(D): "include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by [Fannie Mae] that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers."

[21] Fannie Mae has relied on information provided by its lenders to identify units occupied by first-time homebuyers. Fannie Mae's Single-Family *Selling Guide* provides that a first-time homebuyer is an individual who (1) is purchasing the security property; (2) will reside in the security property as a principal residence; and (3) had no ownership interest (sole or joint) in a residential property during the three-year period preceding the date of the purchase of the security property. In addition, an individual who is a displaced homemaker or single parent also will be considered a first-time homebuyer if he or she had no ownership interest in a principal residence (other than a joint ownership interest with a spouse) during the preceding three-year time period.

[22] This standard mortgage product allows LTV ratios up to a maximum of 97% for purchase transactions if at least one borrower is a first-time homebuyer.

Sweat equity flexibility of HomeReady

Fannie Mae's HomeReady product offers underwriting flexibilities that help responsibly expand access to credit. As a long-term recovery strategy, Chipola Area Habitat for Humanity (CAHFH) committed to the resilient rebuilding of Jackson and Washington Counties in the Florida Panhandle area, with the goal of ensuring that Habitat client partners have equitable access to affordable housing structures and equitable access to mortgage financing.

Through a partnership between Fannie Mae, CAHFH, and Auburn University Rural Studio, in 2022 a woman named Tracy became a first-time homeowner and was the first recipient of a sweat equity conventional mortgage.

Tracy spent a significant amount of time putting sweat equity hours into her home and participating in Habitat-sponsored build events such as the CAHFH Women's Build and the Chipola Street Development groundbreaking ceremony. She moved into one of the four new Rural Studio homes that were part of the Chipola Street Development in rural Marianna, Florida—a Hurricane Michael-impacted area. In 2018, Hurricane Michael damaged 60,000 homes in Florida. Each of the four new homes was built to Insurance Institute for Business & Home Safety's (IBHS) FORTIFIED Gold rating to ensure the utmost resiliency, particularly during high-wind storms and hurricanes. They also received the Florida Green Building Certification Platinum and Energy Star 3.1, which made the loan eligible for Fannie Mae's Single-Family Green Bond program.

The HomeReady product allows nonprofit housing providers like Habitat to credit future owner and volunteer labor to count as "equity" which is captured as a credit that the homeowner can use toward their down payment. In this instance, a sweat equity conventional mortgage creates a comparable affordable option to Habitat's traditional financing.

We lower barriers to housing for low- and moderate-income and underserved households[23]

There are many obstacles facing people wanting to buy a home — especially for low- to moderate-income families. Fannie Mae is committed to helping remove these barriers through updated policies, products, and programs to provide access to credit.

New initiatives to address the barrier of insufficient credit history

Fannie Mae made significant credit policy enhancements and made efforts to increase take-up to help lenders responsibly qualify more aspiring homebuyers for mortgage credit, including:

- In September 2021, we began enabling lenders to incorporate a borrower's positive rent payment history in the mortgage credit evaluation process through DU.
  - Fannie Mae took steps in 2022 to drive awareness and adoption of recurring rental payment history to build credit.
  - We conducted national outreach to lenders, housing counseling agencies, and prospective first-time homebuyers to increase awareness of this new offering and benefits.

> "We didn't know what positive rent was. We learned from our loan officer that the process was easier than we thought. Consistently paying rent was actually going to help us buy a home,"
>
> said Jessie and Greg, renters turned homeowners.

Since September 2021, approximately 3,400 mortgage applications benefited from positive rent payment history by becoming approved-eligible.[24]

50% of these borrowers identify as minorities

41% identified specifically as Black or Latino/Hispanic

- Also in September 2021, we began using an average median credit score to determine whether a loan meets the minimum 620 credit score requirement helping lenders responsibly qualify more aspiring homebuyers for mortgage credit.

Through December 2022, approximately **26,000** loan applications benefited.

Of the applications that benefited, **40%** of the borrowers self-identified as minority.

[23] 12 U.S.C. § 1723a(n)(2)(G): "assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending."

[24] Fannie Mae supplied data from September 2021 – December 2022.

- In September 2022, we launched the Multifamily Positive Rent Payment Reporting pilot program, which allows eligible multifamily property owners to more easily share timely rent payment data to the three major credit bureaus for incorporation in a renter's credit profile. From September 2022 through January 2023, the data has shown:

Over 140,000

units have opted into the program across approximately 750 properties.

65% of residents

with a new or existing credit score saw an increase in their credit score.

7K residents

established new credit scores.

For those who have a credit score and saw improvement, the average increase was

~45 points.

- In December 2022, Fannie Mae updated DU to further simplify the process for loans where borrowers do not have a credit score. The changes included updated eligibility criteria, an option for lenders to include an evaluation of a borrower's monthly cash flow over a 12-month period to potentially enhance their credit risk assessment, and automating the current *Selling Guide* policy requirement to document nontraditional sources of credit.

New initiatives to address down payment and closing costs barriers

- We allowed the use of lender-funded grants to provide all or part of the down payment, closing costs, financial reserves, and certain energy-related improvements.
- We expanded the list of acceptable gift donors to include a non-relative who shares a familial relationship with the borrower — specifically a former relative, relative of domestic partner, or godparent.

New updates to single-family pricing to support historically underserved borrowers

In November 2022, Fannie Mae eliminated upfront fees for certain first-time homebuyers, low-income borrowers, and underserved communities to promote sustainable and equitable access to affordable housing.

Highlights include:

- HomeReady loans
- Loans for first-time homebuyers with income at or below applicable AMI limits
- Loans meeting Duty to Serve[25] requirements
- HFA Preferred loans

Expanding support for manufactured housing

Manufactured housing (MH) serves as a meaningful source of affordable housing available to low- and moderate-income households. In December 2022, Fannie Mae updated our MH eligibility criteria to allow financing of more single-width manufactured homes by removing the previous 10-year age maximum. This expansion represents an additional investment in low- and moderate-income consumers' purchasing power in these homes.

Launched multi-year Equitable Housing Finance Plan

Fannie Mae's Equitable Housing Finance Plan outlines specific steps we are taking to further our commitment to advancing racial equity in housing finance in a safe and sound manner for the housing finance system and the renters and borrowers we serve.

[25] The Housing and Economic Recovery Act of 2008 requires us to serve very low-, low- and moderate-income families in three specified underserved markets: manufactured housing, affordable housing preservation and rural housing.

We are developing and executing initiatives to help address the enduring effects of systemic discrimination against Black renters and homeowners. While our actions aim to address the obstacles faced by Black renters and homeowners as they seek affordable housing and access to housing finance, we expect they will benefit renters and borrowers in all population groups. The initial iteration of our plan focuses on three areas, specifically 17 actions, that span across the consumer housing journey where we believe we can make the most impact:

Housing preparation:

Helping consumers prepare early for sustainable homeownership and access to quality rental housing through establishing strong financial and credit foundations.

Renting or buying:

Removing unnecessary obstacles in shopping for, acquiring, renting, or financing the purchase of a home.

Moving in and maintaining:

Improving the services that help sustain housing so that renters and homeowners can withstand disruptions or crises and remain stably housed.

Our Equitable Housing Finance Plan represents a deeper level of strategic coordination and program maturity, but it builds upon established offerings Fannie Mae has developed over decades.

Commitment to fair lending

Fannie Mae complies with both the letter and spirit of applicable laws and regulations related to fair housing and lending (Fair Lending Laws). The Fair Lending Laws include the Equal Credit Opportunity Act, the Fair Housing Act, and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended, and their implementing regulations, as well as similar state and local laws. These laws prohibit discrimination in housing and lending on the basis of certain characteristics.

Fannie Mae operates in the secondary mortgage market and does not originate loans or lend money directly to borrowers or lenders. However, we require our lender partners, who lend money directly to borrowers, to comply with:

- Our *Selling Guides*, which prescribe the requirements lenders must follow in order to sell loans to us.
- All federal, state, and local laws and regulations that apply to their origination practices, including the Fair Housing Act and the anti-discrimination provisions of the Equal Credit Opportunity Act.
- All other related state and federal regulations.

When delivering loans to Fannie Mae, lenders provide representations and warranties that assert their compliance with our *Selling Guide* and all applicable laws, including anti-discrimination laws and regulations. Thereafter, lenders must attest to us on an annual basis that they have policies and procedures in place, including regular training for employees and contractors, to facilitate and monitor compliance with these laws. Those who service loans for Fannie Mae are also required to abide by applicable laws and regulations dealing with loan servicing, as well as the provisions of our *Servicing Guides*.

In addition to the lender and servicer requirements related to compliance with Fair Housing Laws, Fannie Mae's Fair Lending Program is designed to prevent, identify, measure, mitigate, and manage enterprise-wide fair lending risks. The program promotes fair and responsible housing practices on an enterprise-wide level covering both Fannie Mae's Single-Family and Multifamily businesses, including underwriting standards, business practices, pricing policies, fee structures, and procedures. The Fair Lending Program is administered by Fannie Mae's Fair Lending Group under the direction of the Fair Lending Officer. The Fair Lending Group reviews new and ongoing policies and initiatives, such as policies that impact the eligibility of loans sold to Fannie Mae, mortgage servicing policies, appraisal guidelines, models, and marketing materials, not only for compliance with the Fair Lending Laws, but also with a view toward increasing equity in the home lending and rental markets. The group also conducts enterprise monitoring of fair lending risk as well as periodic testing and targeted reviews to evaluate fair lending compliance. The Fair Lending Group develops and delivers fair lending training to employees taking into consideration their job responsibilities and Fannie Mae's fair lending risks. Fair lending is also covered as part of our enterprise-wide training provided to all employees.

We partner across the industry to expand access to affordable housing[26]

Included below are some highlights of our 2022 engagements with industry partners to make progress for underserved markets.

Partnering with HFAs to offer HFA Preferred

Throughout the year, Fannie Mae worked with HFAs across the country to increase homeownership — particularly for first-time homebuyers — using HFA Preferred as a key offering.

25,000
HFA loans

70
state and local HFA relationships

Supporting California Housing Finance Agency (CalHFA) Accessory Dwelling Unit (ADU) Grant Program

To further the incremental increase of affordable housing supply, Fannie Mae assisted its HFA partner CalHFA in its ADU Grant Program. Fannie Mae's role was to help connect lenders to the CalHFA program and provide awareness and education on how our affordable lending products and ADU policy flexibilities can support this type of financing. CalHFA's ADU Grant Program created more housing units in California by providing a grant of up to $40,000 to either reimburse pre-development costs associated with the construction of the ADU or buy down interest rates and non-recurring closing costs.

Launched the Affordable Housing Collaborative Initiative

In collaboration with the National Council of State Housing Agencies, we launched the Affordable Housing Collaborative Initiative (AHCI). The purpose of the AHCI is to bring together industry experts to formulate potential solutions to confront the ongoing housing supply shortage. The first AHCI meeting identified opportunities to support the creation and preservation of entry-level homes affordable to first-time homebuyers, especially in disinvested communities of color.

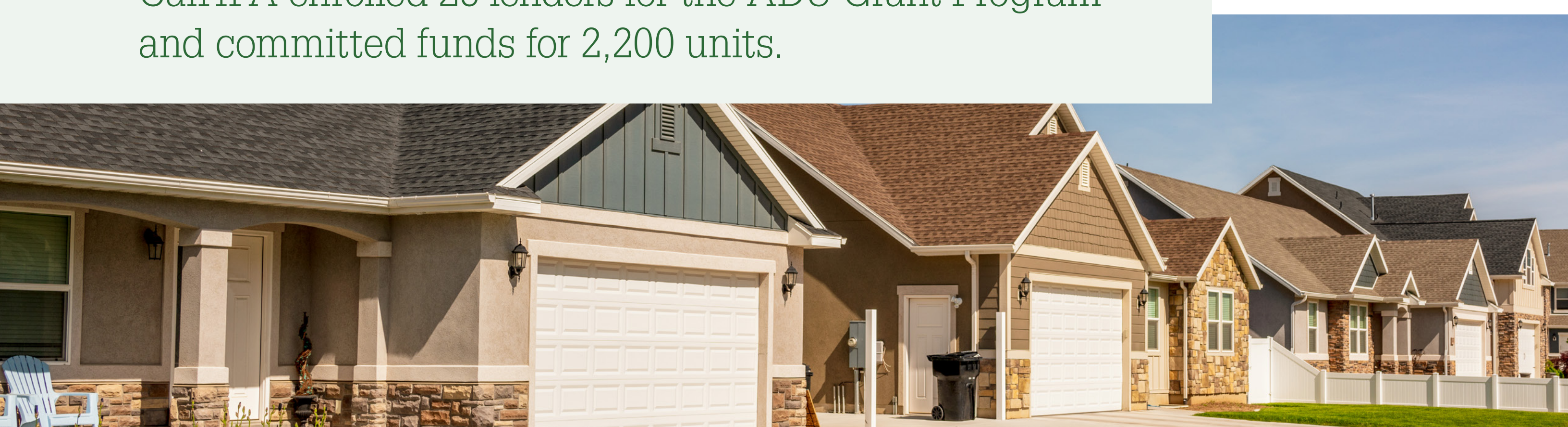
15
different industry organizations (HFAs, lenders, developers/builders, trade groups, non-profits, etc.)

Four focus areas

- Manufactured housing
- Accessory dwelling units
- Builder production
- Preservation/energy efficiency and resilience

[26] 12 U.S.C. § 1723a(n)(2)(K): "describe the activities undertaken by [Fannie Mae] with nonprofit and for-profit organizations and with state and local governments and housing finance agencies, including how [Fannie Mae's] activities support the objectives of comprehensive housing affordable strategies under [section 105 of Cranston-Gonzalez National Affordable Housing Act]."

CalHFA enrolled 25 lenders for the ADU Grant Program and committed funds for 2,200 units.



Leveraging partnerships to improve down payment assistance

One of the biggest complaints lenders have about using external down payment assistance (DPA) programs is that they are not standardized and can be cumbersome. There are approximately 2,500 different DPA programs from a variety of providers. Each provider has its own requirements, forms, processes, and procedures, making it difficult for lenders to operationalize an efficient program. Lack of standardization also increases delivery deficiencies. Fannie Mae is working to make DPA easier and more efficient for lenders and borrowers.

In 2022, we partnered with Freddie Mac to standardize the subordinate 2nd lien documents, including the notes, security instruments, and document completion instructions. An industry-wide working group is developing a Common DPA program that utilizes this standard set of 2nd lien documents. The Common DPA program would also provide a standard delivery checklist and reduced/streamlined overlays.

Partnering with Public Housing Agencies (PHAs) on the Expanded Housing Choice (EHC) initiative

We established partnerships with the PHAs located in Dallas, Austin, and Charlotte — the initial target markets for the pilot EHC initiative — to assist roll-out and implementation. Fannie Mae engaged with the PHAs for feedback on the initiative, to understand more about the PHAs and the work that they do, and to develop partnerships to drive EHC adoption and awareness. We worked with each PHA to create a profile of their capabilities and programs to leverage during Fannie Mae's customer outreach and training.

Working with ROC USA to support resident-owned manufacturing housing communities

As part of our strategy to support resident-owned manufactured housing communities, Fannie Mae partnered with National Cooperative Bank (NCB) and ROC USA, a non-profit organization that has helped residents purchase and manage their own manufactured housing communities. Through our relationship, Fannie Mae and NCB refinanced a 155-unit resident-owned community in Alden, New York. By preserving this structure, the community was able to obtain affordable financing while maintaining the benefits of resident ownership, including determining their own lot fees and ensuring timely maintenance of roads, utilities, and other community infrastructure.

Affordable Housing Advisory Council (AHAC) discusses housing inequities, affordable supply, and current market challenges

The AHAC — established in the Fannie Mae Charter Act — brings together leaders from different segments of the housing industry with Fannie Mae's senior management to collaborate and share ideas on how best to support the creation and sustainability of affordable housing. Council members represent a variety of perspectives, including for-profit and nonprofit organizations, single-family and multifamily lenders, public and private entities, academia, and housing policy organizations. Members serve a two-year term and meet twice a year for a day-long meeting at our headquarters in Washington, DC. The topics discussed in 2022 included addressing inequities in housing, reducing the affordable housing supply gap, Fannie Mae's Equitable Housing Finance Plan, and affordability challenges in the current market.

Housing **stability**

In this section, we discuss how we help keep renters and borrowers in their homes and provide stability to markets in all times, in a safe and sound manner. Learn about our industry partnerships and how we work to support housing stability by investing in homeownership and financial education as well as working to prevent displacement and insecurity — and market disruption — when disasters strike.

Our responsible underwriting promotes housing stability

Serving very low-, low-, and moderate-income households is a fundamental part of Fannie Mae's mission, and we design our underwriting standards, business practices, and procedures to balance the company's multiple objectives of serving consumers of modest means, meeting our liquidity mission, and appropriately addressing credit risk. We believe that Fannie Mae's rigorous underwriting standards help ensure that borrowers are prepared to meet the obligations of homeownership over the long term.

Single-Family

Fannie Mae's *Selling* and *Servicing Guides* set out the current eligibility and ongoing administration requirements for loans we can acquire. Lenders use DU to determine whether a specific loan is eligible for sale to Fannie Mae. Using an automated underwriting system helps bring greater consistency for loans being sold to Fannie Mae, rather than having over a thousand lenders manually underwrite loans using the *Guide* standards. We regularly review and enhance our underwriting standards to best serve borrowers while appropriately addressing credit risk to reduce the risk of default.

> DU performs a comprehensive evaluation of the primary and contributory risk factors of a mortgage.

Multifamily

Fannie Mae provides financing to the commercial mortgage market by acquiring multifamily loans primarily from its national network of DUS® lenders. The DUS program grants approved lenders the ability to underwrite, close, and sell loans on multifamily properties to Fannie Mae without prior Fannie Mae review. These DUS lenders must abide by rigorous credit and underwriting criteria, have their firms be subject to ongoing credit review and monitoring, and share the risk of loss if a loan defaults.

> DUS lenders generally retain a risk position in the loans that they sell to Fannie Mae.

We support stable housing for renters and borrowers[27]

Homebuyer education

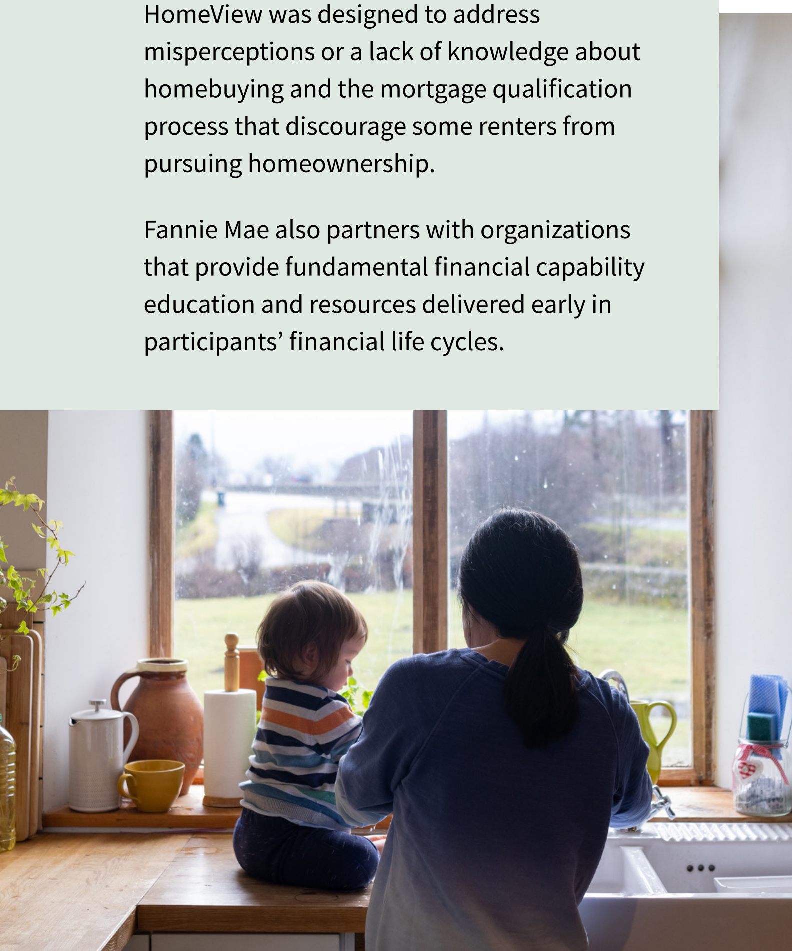
Part of our role as an industry leader is to educate renters, homebuyers, and homeowners on what it takes to responsibly rent, buy, and own a home. This year, we launched multiple programs aimed at helping consumers understand the common barriers and ways to overcome them.

Our vision is to deliver a continuum of educational resources, where multiple approaches at distinct points in an individual's renting and homeownership journey can build upon each other for cumulative effect.

In 2022, Fannie Mae launched HomeView, a consumer-facing homeownership education course that aligns to National Industry Standards for Homeownership Education and Counseling and meets Fannie Mae's requirements for pre-purchase education for many first-time homebuyers for certain mortgage products, including low down payment loans such as HomeReady. Through this course, we are providing tools to make sure first-time homeowners are well prepared with the knowledge they need to be successful.

HomeView was designed to address misperceptions or a lack of knowledge about homebuying and the mortgage qualification process that discourage some renters from pursuing homeownership.

Fannie Mae also partners with organizations that provide fundamental financial capability education and resources delivered early in participants' financial life cycles.



Launched HomeView education course including a Spanish language version

By the end of December 2022,

over 178,000

first-time homebuyers completed the course and earned their certificate of completion

Fannie Mae homebuying barrier and financial resiliency education outreach

Engaged[28]

16.6 million

diverse consumers on key homebuying barriers and financial resiliency educational programs

Partnership with Junior Achievement to educate youth and young adults on homeownership

Expected to reach approximately

1.5 million

students by 2026

In addition to educating consumers, we are committed to educating our partners (e.g., lenders, real estate agents) across the industry on affordable lending products and policies.

19

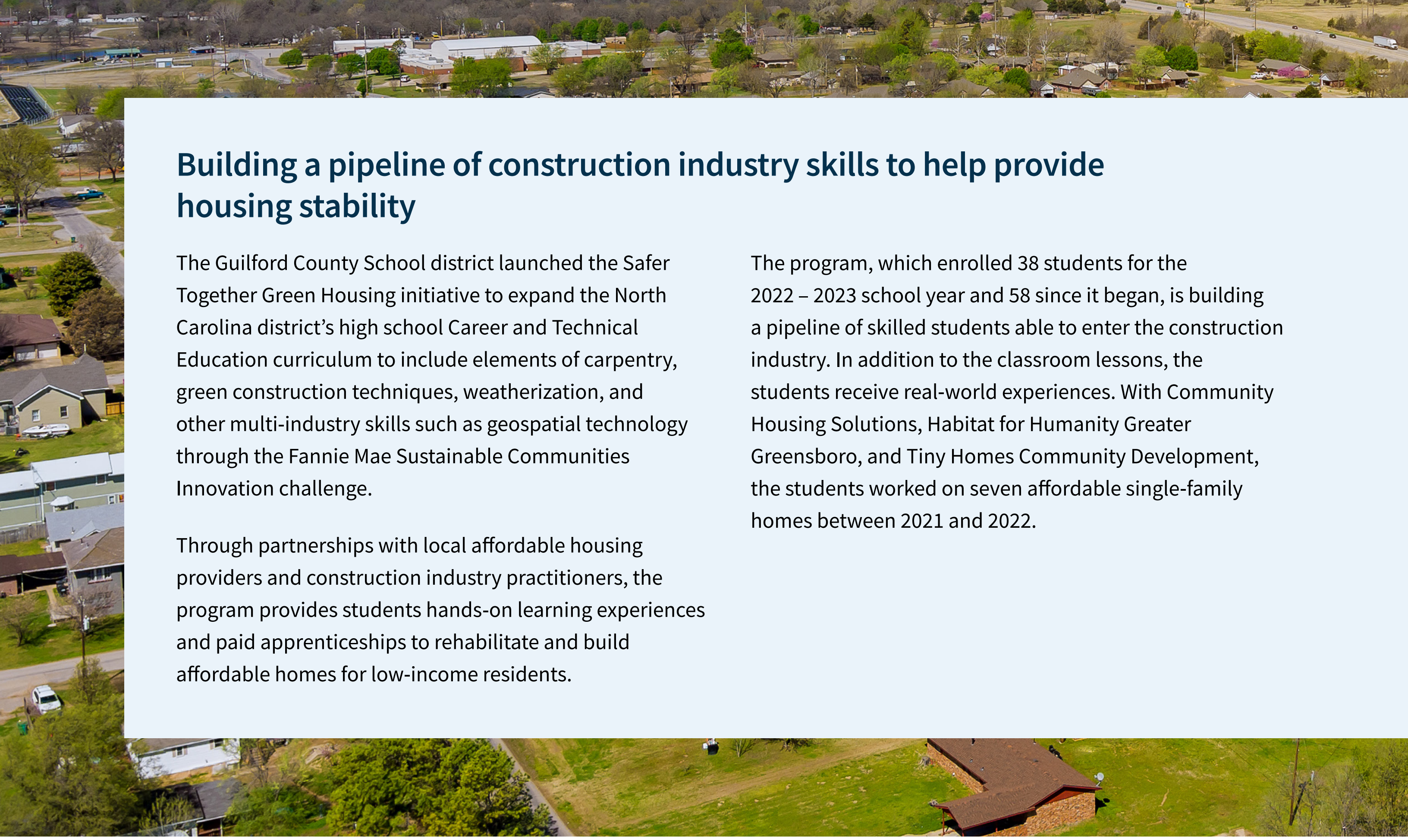
webinars held

4,181

lenders, real estate professionals, and other stakeholders trained on Fannie Mae affordable mortgage products

[27] 12 U.S.C. § 1723a(n)(2)(G), footnote 23.

[28] Users who were exposed to our message.



Building a pipeline of construction industry skills to help provide housing stability

The Guilford County School district launched the Safer Together Green Housing initiative to expand the North Carolina district's high school Career and Technical Education curriculum to include elements of carpentry, green construction techniques, weatherization, and other multi-industry skills such as geospatial technology through the Fannie Mae Sustainable Communities Innovation challenge.

Through partnerships with local affordable housing providers and construction industry practitioners, the program provides students hands-on learning experiences and paid apprenticeships to rehabilitate and build affordable homes for low-income residents.

The program, which enrolled 38 students for the 2022 – 2023 school year and 58 since it began, is building a pipeline of skilled students able to enter the construction industry. In addition to the classroom lessons, the students receive real-world experiences. With Community Housing Solutions, Habitat for Humanity Greater Greensboro, and Tiny Homes Community Development, the students worked on seven affordable single-family homes between 2021 and 2022.

Expanded tenant site lease protections

Fannie Mae is committed to expanding and strengthening tenant protections in the manufactured housing communities (MHCs) that we finance. Tenant site lease protections (TSLPs) serve to preserve the affordability and stability of MHCs across the country. Residents in MHCs typically own the manufactured home in which they reside. However, the property, or "site," on which the manufactured home sits is rented from the MHC by the owner of the manufactured home.

TSLPs afford tenants of MHCs certain rights in areas where state law does not already provide mandatory tenant protections.

In 2022, we began requiring that TSLPs must be implemented on 100% of site leases — both owner-occupied and tenant-occupied — for all new MHC loans. TSLPs preserve the affordability and stability of MHCs across the country and are an important tool to safeguard the rights of tenants. Our TSLP requirements go above and beyond most current state and local requirements. This builds on our work in 2021, when we introduced a simplified method for implementing the protections, which reduced the operational effort for owners to implement and ensured that community residents received notice of the protections available to them.

Fannie Mae requires that MHC borrowers implement protections for tenant site leases within a year of delivery.

One-year
renewable term for the site lease

30-day
written notice of rent increases

5-day
grace period for late rent payments

5
new site lease tenant rights

Trends in delinquency and default rates of mortgages secured by housing for low- and moderate-income families[29]

Fannie Mae's underwriting standards support market stability by providing sustainable financing while promoting credit access for low- and moderate-income borrowers. The chart below reports 90-day delinquencies occurring within the first 12 months of acquisition and defaults (defined as a foreclosure sale, deed-in-lieu of foreclosure, pre-foreclosure sale, or third-party sale, at any time during the life of the loan) on loans made to low- and moderate-income borrowers compared to loans made to borrowers with incomes above the median level, by acquisition year.[30] It shows that single-family mortgage loans serving low- and moderate-income borrowers generally have higher rates of delinquency and default than loans serving borrowers with incomes above the median level.

This analysis is based on income relative to AMI and does not control for other risk dimensions, such as LTV ratio or credit history. In 2022, 90-day delinquency rates for both income groups dropped significantly from elevated levels experienced during the height of the pandemic. Information regarding serious delinquency and default performance is based on acquisitions through December 2021 with loan performance reported through December 2022.

RELATIVE 90-DAY DELINQUENCY AND DEFAULT RATES BETWEEN SINGLE-FAMILY LOANS SERVING LOW- AND MODERATE-INCOME FAMILIES AND LOANS SERVING FAMILIES WITH INCOME ABOVE THE MEDIAN LEVEL, BY YEAR[31]

Acquisition Year	Income Group	Average Rate of 90-day Delinquency	Percent Difference	Average Rate of Default	Percent Difference
2005	Above Median Income	0.559%		6.527%	
	Low-Mod Income	1.221%	119%	9.485%	45%
2006	Above Median Income	0.991%		11.743%	
	Low-Mod Income	2.108%	113%	14.978%	28%
2007	Above Median Income	2.838%		13.917%	
	Low-Mod Income	4.152%	46%	18.846%	35%
2008	Above Median Income	2.002%		5.372%	
	Low-Mod Income	2.901%	45%	8.949%	67%
2009	Above Median Income	0.176%		0.621%	
	Low-Mod Income	0.361%	105%	1.563%	152%
2010	Above Median Income	0.133%		0.532%	
	Low-Mod Income	0.299%	125%	1.388%	161%

29 12 U.S.C. § 1723a(n)(2)(I): "describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by [Fannie Mae], including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by [Fannie Mae], and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families."

30 Since 2010, Fannie Mae no longer tracks single-family unit-level affordability data. To ensure consistency comparing loans from 2000 onward, this analysis is based upon borrowers' income relative to the AMI. Additionally, this analysis only pertains to owner-occupied principal residences.

31 Sample used: unseasoned, conforming, conventional, owner-occupied, first-lien, non-reverse mortgages, excluding Growing-Equity Mortgages, Graduated Payment Mortgages, and loans missing affordability data. During the period 2006 through and including 2008, acquisitions of mortgage loans to borrowers of all income categories had a higher risk of delinquency and default. In addition, the likelihood of 90-day delinquency percentages shown are static and only reflect if a loan went delinquent in the first year.

RELATIVE 90-DAY DELINQUENCY AND DEFAULT RATES BETWEEN SINGLE-FAMILY LOANS SERVING LOW- AND MODERATE-INCOME FAMILIES AND LOANS SERVING FAMILIES WITH INCOME ABOVE THE MEDIAN LEVEL, BY YEAR (CONTINUED)

Acquisition Year	Income Group	Average Rate of 90-day Delinquency	Percent Difference	Average Rate of Default	Percent Difference
2011	Above Median Income	0.116%		0.339%	
	Low-Mod Income	0.275%	136%	0.937%	177%
2012	Above Median Income	0.115%		0.314%	
	Low-Mod Income	0.267%	132%	0.884%	182%
2013	Above Median Income	0.108%		0.293%	
	Low-Mod Income	0.289%	168%	0.937%	220%
2014	Above Median Income	0.138%		0.242%	
	Low-Mod Income	0.329%	138%	0.778%	221%
2015	Above Median Income	0.108%		0.121%	
	Low-Mod Income	0.260%	141%	0.388%	220%
2016	Above Median Income	0.142%		0.068%	
	Low-Mod Income	0.274%	94%	0.251%	268%
2017	Above Median Income	0.423%		0.065%	
	Low-Mod Income	0.500%	18%	0.220%	240%
2018	Above Median Income	0.209%		0.055%	
	Low-Mod Income	0.420%	101%	0.167%	206%
2019	Above Median Income	2.607%		0.015%	
	Low-Mod Income	2.798%	7%	0.057%	280%
2020	Above Median Income	1.119%		0.002%	
	Low-Mod Income	1.337%	19%	0.013%	559%
2021	Above Median Income	0.325%		0.001%	
	Low-Mod Income	0.477%	47%	0.005%	369%

We keep people in their homes during hardship

While the number of renters and homeowners facing hardship from the COVID-19 pandemic declined in 2022, Fannie Mae continued to help those renters and homeowners still in need to understand their relief options and stay in their homes. We continued our Here to Help marketing campaign and outreach to renters and homeowners facing hardship through April 2022. We also continued our RefiNow messaging to encourage those in need to consider refinancing as an option. Our COVID-19-related policy updates and relief options helped keep nearly 1.5 million at-risk families in their homes.

Provided forbearance plans on more than

1.46 million

single-family loans.

Over 94%

of these loans have resolved their forbearance plan by a loan workout option, by reinstatement, or by paying off the loan.

Fannie Mae's loss mitigation strategy sets standards for timely resolution when borrowers experience financial distress. Our policies require servicers to intervene early to address mortgage loan delinquency and provide alternatives to foreclosure. First and foremost, the servicer is required to engage with the borrower on options for resolving the delinquency. The servicer is required to determine whether a borrower qualifies for a home retention solution before considering foreclosure or foreclosure alternatives. If no home retention solutions are viable, Fannie Mae works to avoid foreclosure. Pre-foreclosure sales ("short sales") and deeds-in-lieu of foreclosure are available options to minimize disruption to homeowners' lives and damage to their credit histories. To promote consistency across servicers and improved outcomes for borrowers, Fannie Mae offers Servicing Management Default Underwriter™ (SMDU™), an application that automates loss mitigation decisions.

There were two notable *Servicing Guide* updates to help people stay in their homes in times of hardship:

> An update to **LL-2021-02** to require Servicers to postpone foreclosure-related activities when notified by Homeowner Assistance Fund administrators that a borrower has applied for mortgage assistance.

> **SVC-2022-07** provided guidance for situations in which mortgage assistance funds are used to reinstate accounts that are in existing modification trials.

We partner across the industry to promote housing stability[32]

Beyond our pandemic response, Fannie Mae offers multiple channels to help renters and borrowers know their options and pursue a path that reduces disruption to their housing and finances when they experience a temporary financial hardship or find their lives upended by a natural disaster.

> Fannie Mae's Disaster Response Network™ offers comprehensive support to help people navigate the aftermath of disasters.

> Mortgage Help Network offers a HUD-approved counselor to review a borrower's personal situation and explain options.

Two major hurricanes — Fiona and Ian — hit the United States in 2022, causing widespread damage. Fannie Mae communicated with impacted communities through multiple channels in English and Spanish to make them aware of the housing counseling resources available to them.

In 2022, Fannie Mae also partnered with nonprofit and for-profit organizations, state and local governments, and HFAs to work toward a more stable housing market. Highlights include:

> Educated **950 Fannie Mae-approved Servicers** on Treasury's Homeowner Assistance Fund to assess operational alignment and execution with State Administrators

[32] 12 U.S.C. § 1723a(n)(2)(K), see footnote 26.

Fannie Mae mortgage and rent relief outreach

Engaged with over

3.4 million

borrowers

3 million

unique visitors to Fannie Mae's consumer website

4.9 million

engagements with educational content

Housing Counseling sessions

Received over

16,000 calls

to Disaster Response Network and Mortgage Help Network

11,000+

sessions on default/foreclosure prevention, post-modification, or disaster recovery counseling

Modifications related to disaster

Initiated over

38,000

disaster-related FLEX Modification Trial Starts

Executed over

43,000

disaster-related FLEX Modification conversions

Partnering to deliver technical assistance to organizations working to preserve Section 515 properties

USDA Section 515 Rural Renting Housing Loans are a critical source of rental housing finance in rural areas, particularly for seniors, people with disabilities, and low-income renters. Since the program's inception, Section 515 Rural Rental Housing loans have financed nearly 28,000 rental properties containing over 533,000 affordable apartment homes across rural America. There is a crucial need to preserve properties with maturing Section 515 loans: once properties exit the program, they lose Rural Development affordability restrictions, and residents are no longer eligible to receive USDA rental assistance.

Fannie Mae partnered with both Enterprise Community Partners and the Housing Assistance Council to provide technical assistance to support organizations pursuing potential Section 515 preservation activities. The path for owners to refinance or transfer 515 loans through USDA, thereby retaining rental assistance eligibility, is cumbersome and complex. Technical assistance is crucial to successfully preserving 515 properties, as it can support owners and potential buyers in navigating the process, delivering best practices and expert knowledge to organizations interested in preservation.

17
new approved Community First buyers

276
approved buyers in 43 states

Added new buyers from six states with no previous buyers

130
single-family real estate owned properties sold to Community First buyers in 2022

Added new Community First by Fannie Mae™ buyers

Fannie Mae believes that partnering with nonprofit and for-profit organizations and state and local governments will help to make a fairer and more stable housing industry. Our Community First program offers community-minded buyers, like nonprofits and public entities, exclusive access to view and make offers on Fannie Mae real estate owned properties before they become available to the public. This year we added new Community First buyers to expand coverage and facilitate sales of properties.

Liquidity

Fannie Mae is the leading source of financing for residential mortgages in the United States. We provide a reliable source of liquidity for mortgage lending to help increase access to affordable home and rental housing finance in all markets, at all times. Learn about the ways we support liquidity — including Green and Social Bonds, our support of diverse business partners, and our leverage of public programs.

Our business supports liquidity in mortgage markets[33]

We enable the flow of capital from investors to lenders for the purpose of financing residential housing. We do this principally by issuing Fannie Mae MBS that are readily traded in the capital markets. We create Fannie Mae MBS by placing mortgage loans in a trust and issuing securities that are backed by those mortgage loans. In a Single-Family "lender swap transaction," a mortgage lender that operates in the primary mortgage market generally delivers a pool of mortgage loans to us in exchange for Fannie Mae MBS backed by these mortgage loans. In addition, Fannie Mae's Single-Family Whole Loan Conduit purchases whole loans directly from small- and medium-sized single-family lenders and securitizes them. These securities may then be sold into the secondary market.

Our Multifamily business generally creates Multifamily Fannie Mae MBS in lender swap transactions in a manner similar to our Single-Family business.

$684 billion
in liquidity to the single-family and multifamily mortgage markets

Supported
1.1+ million
home purchases and 886,000 refinancings

598,000 units
of multifamily supported

Over 95% of the housing goals-eligible multifamily units we financed in 2022 were affordable to those earning at or below 120% AMI

[33] 12 U.S.C. § 1723a(n)(F): "Compare the level of securitization versus portfolio activity."

Securitized

$697 billion

in mortgage loans

$628 billion was related to single-family and $69 billion was related to multifamily

Total portfolio acquisitions of

$278 billion

Included $16.4 billion of delinquent loans purchased from our MBS trusts

Green and social bonds issued

We continued our commitment to green and social financing in 2022. In alignment with our Sustainable Bond Framework, we issued debt to finance projects we believe will have environmental (Green Debt Bonds), or societal (Social Debt Bonds) factors or benefits. A portion of these bonds meet both program criteria and are included in both categories.

Total of

$9.1 billion

in Multifamily Green MBS,

$1.4 billion

in Single-Family Green MBS, and

$781 million

in Multifamily Green resecuritizations

$11.8 billion

in Multifamily Social MBS and $773 million in Multifamily Social resecuritizations

Introduced Single-Family Social Index

To increase the attractiveness to investors of Fannie Mae MBS, we launched a Social Index that provides additional information about the social impact of MBS pools, such as the concentration of loans made to low-income and underserved borrowers. Specifically in November 2022, Fannie Mae announced new social disclosures, the Social Criteria Share and the Social Density Score, for its Single-Family MBS.

The new disclosures are designed to respond to investor feedback and aim to provide Single-Family MBS investors with insights into socially oriented lending activities while helping to preserve the confidentiality of mortgage consumers' personal information. To promote transparency of the new disclosures, Fannie Mae published a historical data file with the Social Criteria Share™ and the Social Density Score™ for all active and inactive MBS pools issued from January 2010 through October 2022.

The Social Index is contemplated as a scoring system comprised of three dimensions for which investors have expressed interest: income, borrower, and property characteristics.

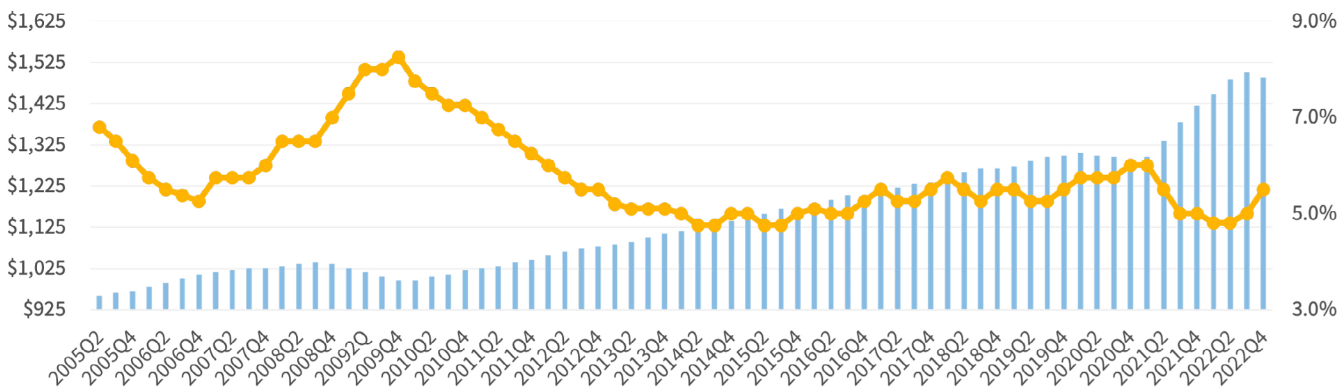
Dimensions	Criteria
Income	Low Income Borrowers
Borrower	Underserved minorities
	First-time homebuyers
Property	Low-Income Areas
	Minority Tract
	High Needs Rural
	Designated Disaster Area
	Manufactured Housing

Multifamily housing market trends[34]

As described above, Fannie Mae provides liquidity to the multifamily market by guaranteeing MBS on multifamily properties. We aim to address the rental housing needs of a wide range of the population in markets across the country, with the substantial majority of our focus on supporting rental housing that is affordable to households earning at or below the median income in their area. We serve the market at all times, rather than moving in and out depending on market conditions.

Over the past decade, the U.S. multifamily sector has benefited from solid demand, increasing rent growth, and low vacancies due to favorable demographic trends, ongoing job growth, and continued renter household formations. However, that long-term trend was abruptly interrupted late in 2022, and demand for multifamily housing plummeted during the fourth quarter of 2022 after having been at above-average levels earlier in the year. It appears that rental demand has been negatively impacted by persistent inflation pressures, diminished savings levels of many households, and ongoing recession expectations.

ESTIMATED MULTIFAMILY RENT AND VACANCY



Source: Fannie Mae MF ESR

Based on preliminary third-party data, we estimate that the national multifamily vacancy rate for institutional investment-type apartment properties was 5.5% as of December 31, 2022, an increase from an estimated 5.0% as of December 31, 2021, but remaining below its average rate of about 5.8% over the last 15 years.

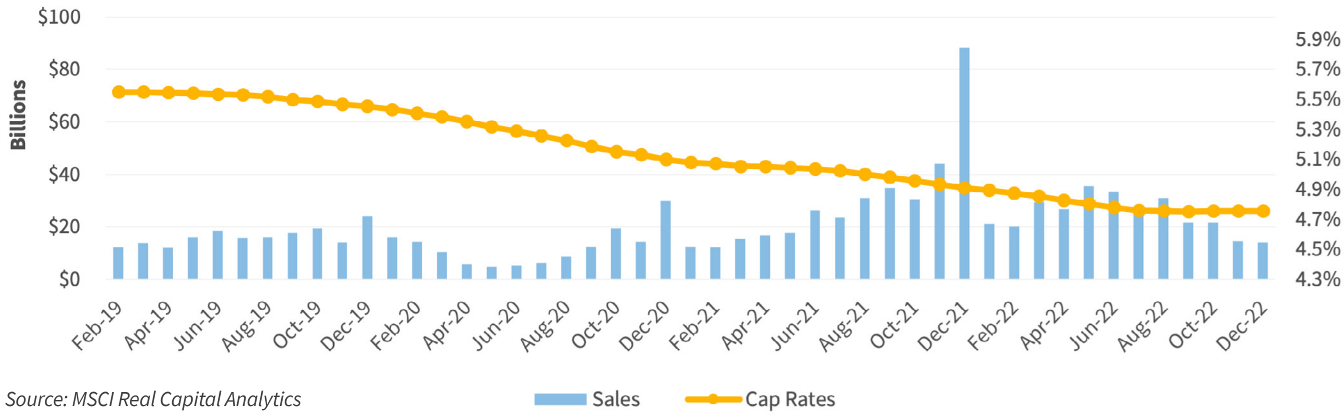
We estimate that effective rents decreased by 0.8% during the fourth quarter of 2022, compared with an increase of 1.0% during the third quarter of 2022 and an increase of 3.0% in the fourth quarter of 2021. As a result, we believe annualized rent growth for 2022 was an estimated 4.75%.

Multifamily construction underway remains elevated. Preliminary data shows that more than 470,000 multifamily units were delivered in 2022. More than 780,000 multifamily units are slated to be delivered in 2023, which would be a peak over the past 10 years.

According to recent data from Real Capital Analytics, sales of multifamily properties valued at $2.5 million or greater totaled an estimated $294 billion in 2022 — a substantial amount — making 2022 the second-highest year in terms of annual multifamily property sales, compared to first-place 2021's $353 billion.

[34] 12 U.S.C. § 1723a(n)(H): "Describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing."

NATIONAL APARTMENT SALES VOLUME AND CAPITALIZATION RATES



Source: MSCI Real Capital Analytics

While there were several signs of a cooldown of multifamily fundamentals later in 2022, sales volume reached the highest level ever seen year-to-date through the third quarter. We believe the elevated activity seen in the beginning of the year was driven in large part by investors rushing to get into the market before interest rate hikes made financing too difficult or expensive. But even with a slowdown in activity, prices continued to increase. The capitalization rate is the expected rate of return on a multifamily property, meaning that the lower the capitalization rate, the higher the value. Multifamily capitalization rates remained low in 2022, at a national estimated level of 4.9% through the end of the year, as seen in the chart above.

Standardization and securitization

Over the past three decades, there has been a continual move toward standardization and more transparent disclosure in commercial real estate securitizations. Standardization of securitized financings and their associated disclosures promotes liquid trading in the capital markets.

Transparent, liquid trading allows for the efficient origination and pricing of multifamily mortgage loans by market participants and the placement of those loans, as MBS, in the investor market.

Fannie Mae's DUS platform allows lenders to swap each multifamily loan for a standardized, tradeable MBS, which shares the characteristics of the underlying loan. Fannie Mae Multifamily MBS are predominantly single-loan securitizations that allow lenders to auction every MBS rate lock to multiple bidders. This allows for the best execution for borrowers and instantly transfers interest-rate risk to private capital at rate lock, with no aggregation risk for Fannie Mae or our lenders.

To further increase the liquidity of multifamily mortgages, Fannie Mae created Guaranteed Multifamily Structures (GeMS™), which are structured securities backed by Multifamily MBS previously issued by Fannie Mae. GeMS are sold primarily to institutional investors who might not otherwise invest in Multifamily MBS.

2022 multifamily standardization and securitization highlights:

$69.2 billion

in multifamily MBS, which accounted for over 99 percent of our multifamily production

Issued $5.3 billion

of multifamily structured securities through 8 Real Estate Mortgage Investment Conduit transactions as part of our GeMS™ program

$781 million

were Green GeMS which were backed by multifamily Green MBS

We support diverse business partners[35]

In our role providing liquidity to the mortgage market, Fannie Mae strives to maintain relationships with lenders that serve diverse populations—including geographically diverse segments—and to work with diverse-owned broker dealers in the capital markets.

1,657
single-family primary market lenders

59
multifamily primary market lenders

The following table sets forth the volume of mortgages purchased in 2022 from lenders identified as minority- or women-owned, and community-oriented lenders.[36]

Seller/Servicer Type	Volume of Mortgages
Minority-or women-owned	$32.61B
Women-owned	$3.53B
Community-oriented lenders	$136.68B

Single-Family

In 2022 we continued our engagement with single-family minority-owned lenders, collectively known as the Lender Diversity Council (LDC), to increase diversity and inclusion within the single-family lender network. Through the LDC, Fannie Mae provides tools and resources to minority-owned lenders to scale their business.

- Held monthly meetings to effectively partner on lenders' goals, maximize customers' competitiveness, and enable greater mortgage access to underserved and minority communities.
- Provided training sessions on loan servicing, the loan manufacturing process, mortgage loan products, and consumer tools, including HomeView and the down payment assistance search tool.
- Provided training on cyber security, data protection, and cyber resilience.
- Created individual LDC account plans to focus on customers' goals, objectives, and initiatives.

Multifamily

Multifamily undertook several initiatives in 2022 aimed at increasing diversity within our lender network, including:

- Approved Basis Multifamily Finance I, LLC as a new DUS lender. Basis is a subsidiary of Basis Investment Group, one of the only African American female majority-owned and led commercial real estate investment firms in the United States.
- Completed an assessment of the multifamily finance industry to identify other potential eligible diverse lenders, and developed plans for promoting diversity across the industry.
- Remained actively involved with the DUS Diversity, Equity and Inclusion Subcommittee formed in conjunction with multifamily lenders.

ACCESS® program

Established in 1992, Fannie Mae's ACCESS program provides opportunities for diverse-owned broker-dealer firms to distribute our fixed-income securities to the capital markets. We include ACCESS dealers in our debt issuance transactions, credit risk transfer transactions, MBS trading transactions, and other capital markets activities. It is a core part of Fannie Mae's commitment to diversity, equity, and economic inclusion. ACCESS also complements our ongoing efforts to build a diverse workforce, support diverse suppliers and vendors, and bring diversity to our industry.

20 firms
owned by women, African American or Black, Latino or Hispanic, and service-disabled veterans.

[35] 12 U.S.C. § 1723a(n)(2)(J): "describe in the aggregate the seller and servicer network of [Fannie Mae], including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders."

[36] For these purposes, a "community-oriented lender" is defined as a financial institution with total assets of less than $1.503 billion as of Dec. 31, 2021. This definition parallels the definition of "small bank" under the implementing regulations of the Community Reinvestment Act (12 C.F.R. § 228.12).

We leverage public programs to provide liquidity to the market[37]

Fannie Mae also provides liquidity to the market in conjunction with public subsidy programs. These programs include certain single-family and multifamily HUD- and Rural Housing Service-related programs and other government-insured and/or related programs; mortgages originated by HFAs that benefit from federal tax exemption; HFA mortgage revenue bond (MRB) issuance; and mortgages that benefit from low-income housing tax credits. Some loans may have been made in conjunction with more than one public subsidy program, which may result in a small amount of overlap.

> Acquired **5785 single-family** mortgages and **471 multifamily mortgages** that were originated in conjunction with public subsidy programs.

> Aggregate unpaid principal balance of approximately **$1.147 billion and $9.7 billion**, respectively.

Housing Finance Agencies (HFA)

Fannie Mae partners with state and local HFAs to offer HFA Preferred mortgages to support their mortgage revenue bond (MRB) programs. HFAs issue MRBs and use the proceeds to finance low-cost mortgages for low-and middle-income first-time homebuyers or the production of affordable rental apartments to lower-income families. We also provide credit enhancement for MRBs to finance multifamily housing.

Low-Income Housing Tax Credit (LIHTC)

LIHTC is a federal program to incentivize equity investments in affordable rental housing for low- and very low-income households. The federal LIHTC program awards tax credits to affordable housing developers, who then exchange the tax credits for equity contributions from investors, including corporate investors like Fannie Mae, to create and preserve affordable housing. The LIHTC program is currently the primary mechanism for subsidizing affordable housing production and rehabilitation in the U.S. In 2021, FHFA increased the amount that we can invest in LIHTC to $850 million annually, from $500 million previously.

Our LIHTC equity investments provided a reliable source of capital and served as a stabilizing influence on affordable housing.

Committed all of our
$1.7 billion
cap over 2021 and 2022

35,000
affordable units created or preserved

Since we re-entered the LIHTC market in 2018, we have provided over $3 billion in equity investments in properties throughout the country, including in underserved markets such as Native American and farmworker communities, supportive housing developments, and disaster-impacted areas.

It is estimated that there are over 1,000 “unaccompanied youth” and young adults in Pierce County, Washington,[38] many of whom are fleeing abusive environments. On their own, they face high risks of further abuse, violence, sex trafficking, addiction, and other harmful possibilities. Arlington Apartments was designed to help these young people have an opportunity for a better life.

Arlington Apartments includes 58 units of permanent supportive housing for homeless households on the Tacoma Housing Authority’s Arlington Drive Youth Campus in Tacoma, Washington, which is located on 2.7 acres of land. The property includes 48 one-bedroom and 10 two-bedroom apartments, with 75% of them set aside for homeless and at-risk youths aged 18 to 24 and the remaining for residents who may be at risk for homelessness. Watch the video.

[37] 12 U.S.C. § 1723a(n)(2)(c): “include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under Federal law.”

[38] Tacoma Housing Authority: In 2016, at least 1,070 youth and young adults in Pierce County were homeless.

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Charter Act Requirement	Section of Charter Act	Location in document
Include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals.	12 U.S.C. § 1723a(n)(2)(A)	Affordability: Our affordable housing goals
Include, in aggregate form and by appropriate category, statements of the number of families served by the corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of census tracts, and the geographic distribution of the housing financed.	12 U.S.C. § 1723a(n)(2)(B)	Affordability: We serve low- and moderate-income families across the country
Include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under Federal law.	12 U.S.C. § 1723a(n)(2)(C)	Liquidity: We leverage public programs to provide liquidity to the market
Include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.	12 U.S.C. § 1723a(n)(2)(D)	Affordability: We provide access to first-time homebuyers
Include, in aggregate form and by appropriate category, the data provided to the [Director] under subsection (m)(1)(B) [i.e., the loan-to-value ratios of purchased mortgages at the time of origination].	12 U.S.C. § 1723a(n)(2)(E)	Affordability: We serve low- and moderate-income families across the country
Compare the level of securitization versus portfolio activity.	12 U.S.C. § 1723a(n)(2)(F)	Liquidity: Our business supports liquidity in mortgage markets
Assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending. *[Response for this Charter Act Requirement split between Affordability and Stability]*	12 U.S.C. § 1723a(n)(2)(G)	Affordability: We lower barriers to housing for low- and moderate-income and underserved households Stability: We support stable housing for renters and borrowers
Describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress toward standardization and securitization of mortgage products for multifamily housing.	12 U.S.C. § 1723a(n)(2)(H)	Liquidity: Multifamily housing market trends
Describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the corporation of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.	12 U.S.C. § 1723a(n)(2)(I)	Stability: We support stable housing for renters and borrowers
Describe in the aggregate the seller and servicer network of the corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.	12 U.S.C. § 1723a(n)(2)(J)	Liquidity: We support diverse business partners
Describe the activities undertaken by the corporation with nonprofit and for-profit organizations and with state and local governments and housing finance agencies, including how the corporation's activities support the objectives of comprehensive housing affordable strategies under section 105 of Cranston-Gonzalez National Affordable Housing Act. *[Response for this Charter Act Requirement split between Affordability and Stability]*	12 U.S.C. § 1723a(n)(2)(K)	Affordability: We partner across the industry to expand access to affordable housing Stability: We partner across the industry to promote housing stability