



Community Development Bankers Association



July 2018

AGENDA

I. Program Background

- a) Program Overview
- b) Underserved Markets Plan Structure
- c) Evaluation Process
- d) Program Timeline

II. Program Status

- a) 2018 Key Milestones
- b) Current Workstreams

DUTY TO SERVE: OVERVIEW

- Under the Housing and Economic Recovery Act of 2008, Fannie Mae and Freddie Mac have a Duty to Serve three underserved markets – manufactured housing, affordable housing preservation, and rural housing – in a safe and sound manner for residential properties that serve very low-, low-, and moderate-income families.
- After issuing a proposed rule in December 2015, FHFA issued a final rule on December 13, 2016 to implement the Duty to Serve requirements.
- FHFA’s final rule requires the Enterprises to develop three-year Underserved Markets Plans.
- In 2017, both Enterprises proposed their first Plans in the spring, took public input and revised their Plans. FHFA non-objected to the Plans in December. Plan implementation commenced January 1, 2018.
- Each Enterprise will submit its final report for 2018 by March, 2019.

PROGRAM OVERVIEW

KEY MILESTONES OF THE DUTY TO SERVE PROCESS



MENU OF ACTIVITIES

Activities	Manufactured housing	Affordable housing preservation	Rural housing
Statutory Activities	None.	<ul style="list-style-type: none"> • Section 8 • Section 236 • Section 221(d)(4) • Section 202 • Section 811 • Homelessness assistance • Section 515 • LIHTC-debt • Comparable state and local programs 	None.
Regulatory Activities	<ol style="list-style-type: none"> 1. Manufactured homes titled as real-estate 2. Manufactured homes titled as personal property 3. Manufactured housing communities owned by government instrumentalities, nonprofits, or residents 4. Manufactured housing communities with specified tenant pad lease protections 	<ol style="list-style-type: none"> 1. Small multifamily rental properties financing 2. Multifamily energy or water efficiency improvements financing 3. Single-family energy or water efficiency improvements financing 4. Affordable homeownership preservation 5. HUD'S Choice Neighborhoods Initiative 6. HUD's Rental Assistance Demonstration 7. Purchase and rehabilitation financing of distressed properties 	<ol style="list-style-type: none"> 1. Housing in high-needs rural regions 2. Housing for high-needs rural populations 3. Rural small financial institution financing of rural housing 4. Rural small multifamily rental properties
Additional Activities	The Enterprises may propose Additional Activities for each underserved market.		

EXTRA CREDIT ELIGIBLE ACTIVITIES

Activities	Manufactured housing	Affordable housing preservation	Rural housing
Extra Credit Eligible Activities	<ul style="list-style-type: none"> • Manufactured homes chattel pilot initiative • Manufactured housing communities with tenant pad lease protections that are located in states without comparable consumer protections • Residential economic diversity 	<ul style="list-style-type: none"> • Residential economic diversity 	<ul style="list-style-type: none"> • High-needs rural regions • High-needs rural populations (only very low-income families, income \leq 50 percent of area median income) • Residential economic diversity

UNDERSERVED MARKETS PLAN STRUCTURE

Statutory, Regulatory, or Additional Activity

Objective

Evaluation Area

“SMART” Criteria,
including baseline, if applicable

Information on
impact and **rationale**

EVALUATION PROCESS

The evaluation process:

- Occurs on an annual basis
- Produces a separate rating for each underserved market
- Follows a three-step process

Guiding principles for the evaluation process:

- Establish a rigorous and meaningful evaluation process that holds the Enterprises accountable for performance
- Encourage the Enterprises to undertake impactful objectives and activities
- Make clear to all stakeholders FHFA's expectations for Duty to Serve

EVALUATION PROCESS

Step 1

- **Quantitative assessment**
- Determines pass or fail

Step 2

- **Qualitative assessment**
- Evaluates impact and implementation

Step 3

- **Extra credit**
- Upward adjustment for certain eligible activities

Rating

- **Final rating**
- Fails, Minimally Passing, Low Satisfactory, High Satisfactory, or Exceeds

2018 CRITICAL MILESTONES

Enterprises
begin to
execute Year
1 of Plans
1/1/18

Enterprises
submit Q2
performance
report
8/30/18

Enterprises
submit Q3
performance
report
11/30/18

Enterprises
begin to
execute Year
2 of Plans
1/1/19



5/31/18

Enterprises
submit Q1
performance
report

9/30/18

Enterprises
submit Plan
modification
requests

12/15/18

FHFA
approval of
modified
Plans

3/18/19

Enterprises
submit
Annual
Report