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

FHFA posts Evaluation Guidance

FHFA issues Non-Objections to Underserved Markets

Enterprises report on progress

Enterprises submit Underserved Markets Plans

Enterprises implement Plans

FHFA evaluates Enterprises’ performance

FHFA submits evaluations to Congress

PLAN DEVELOPMENT (every 3 years)  PLAN IMPLEMENTATION & EVALUATION (yearly)
## MENU OF ACTIVITIES

<table>
<thead>
<tr>
<th>Activities</th>
<th>Manufactured housing</th>
<th>Affordable housing preservation</th>
<th>Rural housing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory Activities</strong></td>
<td>None.</td>
<td>• Section 8&lt;br&gt;• Section 236&lt;br&gt;• Section 221(d)(4)&lt;br&gt;• Section 202&lt;br&gt;• Section 811&lt;br&gt;• Homelessness assistance&lt;br&gt;• Section 515&lt;br&gt;• LIHTC-debt&lt;br&gt;• Comparable state and local programs</td>
<td>None.</td>
</tr>
<tr>
<td><strong>Additional Activities</strong></td>
<td>The Enterprises may propose Additional Activities for each underserved market.</td>
<td></td>
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</tbody>
</table>

**DUTY TO SERVE**
## EXTRA CREDIT ELIGIBLE ACTIVITIES

<table>
<thead>
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<th>Activities</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Extra Credit Eligible Activities</strong></td>
<td>• Manufactured homes chattel pilot initiative</td>
<td>• Residential economic diversity</td>
<td>• High-needs rural regions</td>
</tr>
<tr>
<td></td>
<td>• Manufactured housing communities with tenant pad lease protections that are located in states without comparable consumer protections</td>
<td></td>
<td>• High-needs rural populations (only very low-income families, income ≤ 50 percent of area median income)</td>
</tr>
<tr>
<td></td>
<td>• Residential economic diversity</td>
<td></td>
<td>• Residential economic diversity</td>
</tr>
</tbody>
</table>

**DUTY TO SERVE**
Statutory, Regulatory, or Additional Activity

Objective

Evaluation Area

“SMART” Criteria, including baseline, if applicable

Information on impact and rationale
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

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**DUTY TO SERVE**
2018 CRITICAL MILESTONES

- Enterprises begin to execute Year 1 of Plans
  - 1/1/18
- Enterprises submit Q1 performance report
  - 8/30/18
- Enterprises submit Q2 performance report
  - 11/30/18
- Enterprises submit Plan modification requests
  - 5/31/18
- Enterprises submit Q3 performance report
  - 12/15/18
- Enterprises begin to execute Year 2 of Plans
  - 1/1/19
- Enterprises submit Annual Report
  - 3/18/19

DUTY TO SERVE