Fannie Mae

What is Duty to Serve?

In December 2016, the Federal Housing Finance Agency (FHFA) issued the Duty to Serve Underserved Markets rule, as required by the Housing and Economic Recovery Act (HERA) of 2008. The Duty to Serve rule directs Fannie Mae to improve access to mortgage financing for those of modest means in three housing markets posing persistent challenges — and significant opportunities.

Manufactured housing (MH) — exploring innovative financing options for one of the largest affordable housing opportunities. This includes support for single- and multi-width MH lending, as well as MH Advantage®.

Affordable housing preservation — helping keep established properties available as low-cost housing. This includes support for energy efficiency and shared equity.

Rural housing — supporting the financing of housing for targeted high-needs rural regions and populations. This includes support for Native American populations, small financial institutions (SFIs), and other lending in rural areas and persistent poverty regions.

We launched our first Duty to Serve plan in 2018 and updated the plan in 2021 to outline commitments for 2022 – 2024.

Duty to Serve loan eligibility

Under the Duty to Serve rule, mortgage loans supporting Duty to Serve must meet certain requirements beyond those in the *Selling Guide*. In order to be considered an eligible Duty to Serve loan, the loan must meet requirements applicable to all Duty to Serve mortgage loans and all other requirements specific to the type of mortgage loan being sold.

Duty to Serve requirements

For all Duty to Serve loans:

- The total annual qualifying income must be ≤ 100% of the Area Median Income (AMI) for the property's location. Lenders must refer to the AMIs that Fannie Mae uses in Desktop Underwriter® or our **AMI lookup tool** and may not rely on other published versions (such as AMIs posted on huduser.org).
- The property must be an owner-occupied, principal residence.
- The loan must be a purchase money transaction or a limited cash-out refinance transaction.

Duty to Serve loan eligibility cont.

Additional requirements for manufactured housing loans

In addition to the requirements for all Duty to Serve loans, all **MH loans** must be secured by manufactured homes titled as real property.

Additional requirements for affordable housing preservation loans

In addition to meeting the requirements for all Duty to Serve loans:

Energy-efficiency loans must meet at least one of the following requirements:

- Be a HomeStyle® Renovation or HomeStyle® Energy loan, which includes an ENERGY STAR®-certified improvement (see **ENERGYSTAR.gov** for details);
- Be a refinance on an existing Property Assessed Clean Energy (PACE) loan; or
- Be a HomeStyle Energy loan that is projected to reduce energy or water consumption by at least 15% and provide aggregate utility savings over the life of the improvement that exceeds its cost.

Loans for community land trust or other shared equity properties must meet Fannie Mae's existing shared equity requirements and have a:

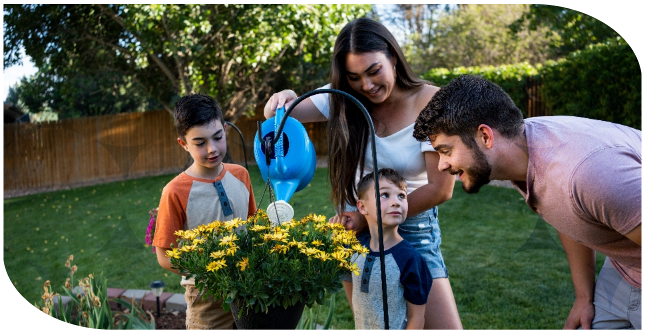
- Ground lease, deed restriction, subordinate loan, or similar legal mechanism that includes a provision that the program will keep the home affordable for subsequent very low- to moderate-income families with an affordability term of at least 30 years after recordation.
- Resale formula that limits the homeowner's proceeds upon resale.
- Preemptive option for the program administrator or its assignee to purchase the home from the homeowner at resale.
- Policy that its administrators must review and pre-approve refinances or home equity lines of credit.

Additional requirements for rural housing

In addition to meeting the requirements for all Duty to Serve loans:

High-needs rural loans must finance properties in one of three high-needs rural regions (HNRR) or persistent poverty rural counties OR serve high-needs populations.

- HNRR include:
  - Colonias
  - Lower Mississippi (River) Delta
  - Middle Appalachia
- High-needs populations include:
  - Native Americans
  - Agricultural workers
- Lenders can find information on persistent poverty counties and other supporting information **here**.



Small financial institution (SFI) loans must be secured by a property located in a rural-eligible area (learn more **here**) and originated, closed, and funded by an SFI that:

- Has an asset size < $304 million. (Note: This number is subject to change.)
- Is a depository institution, credit union, or certified Community Development Financial Institution (CDFI).