Fannie Mae is at the Heart of Housing
As our customer, you’ll enhance your business, make homeownership a reality for more borrowers, and be at the center of everything we do.

Kellie Coffey, Native and Rural Initiatives for Fannie Mae
Who is Fannie Mae?

Fannie Mae is a government-sponsored entity (GSE) that act as a link between mortgage lenders, the federal government and private investors.

Fannie Mae’s mission is to expand homeownership. Our focus is assist all Americans overcome the unique barriers they face.
Who is Fannie Mae?

Our primary goal is to make affordable mortgages available to low- and middle-income buyers.

Fannie Mae purchases mortgage loans from lenders of all sizes, from large-national banks to small community lenders and credit unions.
Tribe
Together, Fannie Mae and the tribe work to identify mutual homeownership opportunities and solve challenges within the community. Fannie Mae provides education to the tribe and TDHE about mortgage product options.

Mortgage Lender
Fannie Mae educates mortgage lender about lending to tribal members and the unique structure of lending tribal trust lands; Fannie Mae approves lender to offer mortgage products to tribal member.

Family goes to the mortgage lender, signs a bunch of papers, borrows the money, and buys house.

Tribe educates family about available options and provides ground lease.

Mortgage lender sells loans to Fannie Mae; in return Fannie Mae provides funding to mortgage lender.

Fannie Mae and the tribe enter into a partnership.

How Does Fannie Mae Fit into the Home-Buying Process?
What Is the Secondary Mortgage Market and How Does It Work?

1. A homebuyer finances his/her home with a mortgage lender. If the lender is approved to work with Fannie Mae, the lender verifies the buyer’s loan met our guidelines. Fannie Mae will purchase the loan after the homebuyer closes.
What Is the Secondary Mortgage Market and How Does It Work?

2. Fannie Mae bundles the loan with other loans with similar terms (interest rate, term) and creates a single security. This allows Fannie Mae to offer investment options of all sizes with less risk due to the multiple borrowers included in the one bundle.
What Is the Secondary Mortgage Market and How Does It Work?

3. Fannie Mae will then make a secondary sale by offering this security to investors and providing an insurance policy against losses on loans included in the security.
Benefits

1. Liquidity or Revolving Capital for lenders
2. Secure, lower interest rates and origination fees due to low funding costs for homebuyers
3. Customizable mortgage programs that can help low to moderate income families find more affordable home financing options
Benefits (continued)

4. Fannie Mae is committed to buying a certain amount of affordable loans, making it easier for lenders to offer the right product

5. Fannie Mae sponsors educational programs that help first-time buyers understand the various loan choices available
What is Duty to Serve?

In December 2016, Duty to Serve regulation was implemented to ensure that Fannie Mae continues to provides leadership to facilitate a secondary market for and to improve the availability of home financing for very low- to moderate-income families in 3 underserved markets:

1. Manufactured Housing
2. Rural Regions and Populations
3. Affordable Housing Preservation

Rural Populations include American Indians and Alaskan Native Communities and Lands
Fannie Mae Approved Lenders
What Criteria Is Reviewed?
Fannie Mae Reviews Four (4) Areas

1. Organization Includes Staffing and Experience
2. Financial Condition of the Organization
3. Implementation and Practice of Written Processes and Procedures
4. Other Relevant Factors
Organizational Capacity

1. At least two years originating residential mortgage loans for sale into the secondary market

2. Experienced staff to originate, process, underwrite, close, interact with investors and service mortgage. Resumes should reflect this experience
Organizational Capacity (continued)

3. Separation of duties to ensure checks and balances exist to protect investors from potential conflicts of interest, fraud, or misrepresentation

4. Have as its principal business purpose the origination, selling, and/or servicing of residential mortgages for a minimum of 24 months
Organizational Capacity (continued)

5. Be duly organized, validly existing, properly licensed (in good standing), or otherwise authorized to conduct its business in each of the jurisdictions in which it originates, sells, and/or services residential mortgages.
Financial Condition

1. Three years of audited financial statements
2. Quarterly unaudited financials available within 30 days of quarter end
3. Net Worth of $2.5 million plus 0.25% of the UPB of loans serviced in-house
4. Track Record of Profitability
5. Unexpired Fidelity Bond Insurance
   • Covers dishonest or fraudulent acts by owners, employees, contractors or vendors

6. Unexpired Errors and Omissions Policy
   • Covers negligence, errors and omissions by same parties
Financial Condition (continued)

7. Warehouse Lines

- Two sources of funding to close loans and deliver to Fannie Mae
- Must be sufficient in size to close loans committed to Fannie Mae within a single month
- Two sources of funding ensure that the lender can continue to operate if one funding source expires, is terminated, etc.
Written Policies and Procedures

1. Have internal audit and management control processes to evaluate and monitor the overall quality of its loan production and servicing;

2. Have written procedures for quality control, servicing and the approval and management of vendors and other third-party service providers;
Other Relevant Factors - Servicing

1. **Servicing In-House** – Be approved as a servicer and service loans. Must have experience servicing loans sold to investors, have written servicing procedures and an electronic loan servicing system.

2. **Utilize a Sub-Servicer** – Be approved as a servicer and utilize a Fannie Mae approved sub-servicer. Must have contract in place, written procedures for monitoring the sub-servicer & a designated employee to oversee the sub-servicer, who has experience servicing loans sold to investors.
Other Relevant Factors - Servicing

3. Servicing Released – Elect not to be the servicer and have a servicing transfer agreement with an approved Fannie Mae servicer. The agreement must state that the servicer will acquire the servicing asset at the time of loan asset sale to Fannie Mae. This can be accomplished through the use of our Servicing Execution Tool TM (SET) via our Pricing & Execution – Whole Loan® application;
What Can We Be Doing Now?

Build Capacity

Vision or Strategic Plan

Provide a sense of focus. Because a strategic plan establishes a direction for your business to take, it will help it sharpen its focus in order to get there. Strategic planning can therefore help your organization develop the right goals and targets and help everyone focus their efforts into meeting them.
What Can We Be Doing Now?
Build Capacity

Infrastructure
Identify the appropriate systems and software for originating and tracking your loans, from initial borrower contact through closing and selling the loan. This will include but is not limited to Mortgage Licensing, Loan Origination System, Document Preparation, Flood Certificates and Financial Accounting.
What Can We Be Doing Now?
Build Capacity

Personnel
Identify key positions needed for mortgage lending; evaluate job function of managers and staff and recruit third-party vendors, where appropriate.
What Can We Be Doing Now?
Build Capacity

Policies
Develop formal and written policies and procedures along with the necessary checklists
What Can We Be Doing Now?
Build Capacity

Process
Develop a process by which loans move efficiently and quickly through your system; focus on underwriting, closing, post-closing and quality control
What Can We Be Doing Now?

Build Capacity

Compliance and Insurance

Obtain coverage needed including the appropriate coverage amounts and terms for that coverage. Obtain an understanding high-level guidance on federal compliance requirements such as Fair Lending.
Fannie Mae’s Prior Work in Native Communities

1. First formal effort with tribal communities began in 1994 – we committed to purchase HUD-184 and USDA RD 502 guaranteed mortgages on tribal lands;

2. Partnered with First Nations Oweesta and others to develop — Building Native Communities: Financial Skills for Families;
Fannie Mae’s Prior Work in Native Communities (continued)

3. Fannie Mae’s American Dream Commitment included an investment to serve families on reservations and trust land and to expand our network of partnerships; provided $30 million in Native American housing investments in 1999, serving 265 households, including 16 conventional loans;

4. In 2003, Fannie Mae invested more than $18 million Tax Credit Equity Investor;
Fannie Mae’s Current Work in Native Communities

1. Built five (5) partnerships with tribes since 2018;
2. Offer (2) two mortgage products for tribal members: Fannie Mae Mortgage and the HUD’s Section 184 Mortgage;
3. Fannie Mae partnered with NAIHC to update the Pathway Curriculum in 2018;
4. Partnered with two (2) Native Community Development Finance Institutions to become Direct Fannie Mae Sellers;
5. Built Out a Marketing Campaign and Welcome Kit for tribes to understand the partnership with Fannie Mae;
6. Members of Native American Housing Coalitions;
7. Obtaining an understanding of appraisal challenges and provide solutions;
8. Continue to partner with the industry to build capacity throughout Indian Country;
What is Fannie Mae Advisory Committee?

In March, 2018 Fannie Mae established an advisory committee with Native American Community Leaders represented:

1) Center for Indian Country Development
2) Native American Indian Housing Council (NAIHC)
3) Two (2) Native CDFIs

Responsibilities could include providing recommendations and strategic information, evaluating performance of an activity outlined in the Rural Housing Plan, serving as an advocate to promote Duty to Serve, assisting in the future development of the Plan, and gathering and presenting material when necessary.
Goals of Fannie Mae in 2019 and Beyond

1. Continue to meet with tribes and Native CDFIs to build relationships and understand needs;
2. Sign MOUs and bring Fannie Mae mortgage products on and off tribal trust lands; Purchase Loans
3. Participate in coalition meetings and other tribal events
4. Work to solve some of the appraisal challenges on tribal trust land;
Goals of Fannie Mae in 2019 and Beyond

5. Support, invest and partner with entities to support Financial Literacy and Homeownership Education;
6. Identify ways to support and provide capital to Native CDFIs and build capacity;
7. Address the Affordable Housing Supply
8. Seat at the table and Partner in Innovative Projects
Questions? Contact Information

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