

Multifamily Mortgage-Backed Securities: a CRA Lens

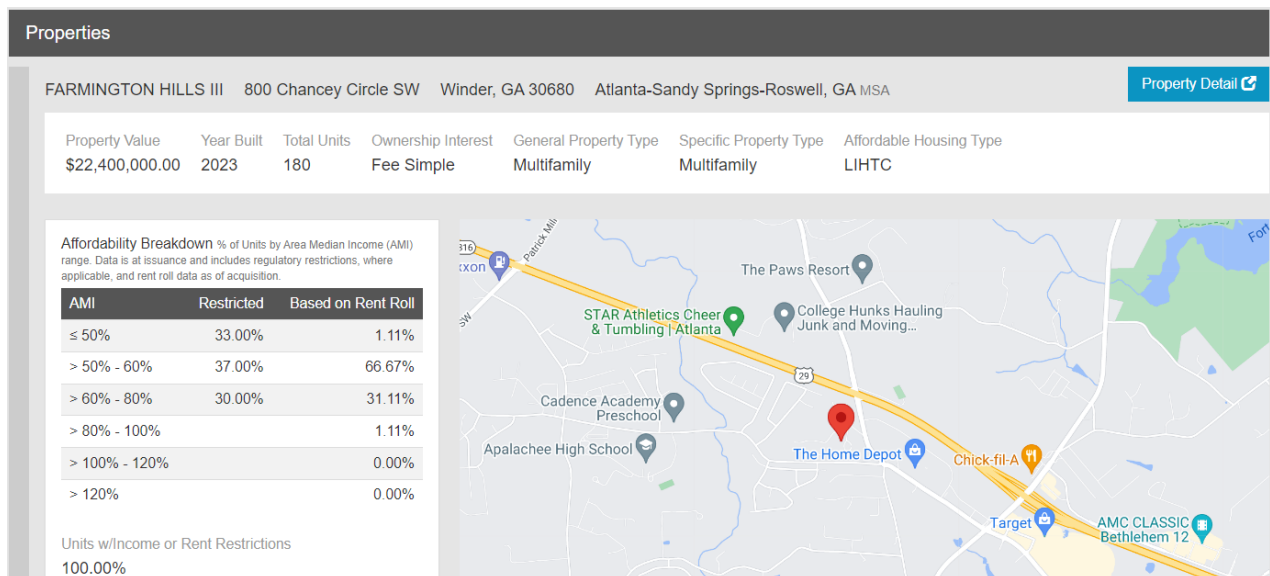
The Community Reinvestment Act (CRA), a U.S. federal law enacted in 1977, encourages banks to address inequitable access to credit in the communities where they do business. With a focus on low- and moderate-income communities, U.S. banks are evaluated by regulators on the retail lending and community development financing they provide. By investing in Fannie Mae Multifamily Mortgage-Backed Securities (MBS), banks may be able to receive credit under this regulation.

Fannie Mae does not confirm whether the securities we issue will be considered as a qualifying activity under the CRA. However, with the disclosures made available on [DUS Disclose](#)[®], our Multifamily disclosure platform, investors may access information to support a determination on CRA eligibility. This document provides an overview of our affordability disclosures as well as the programs eligible for inclusion in our Multifamily Social MBS to help investors understand the affordable financing that we provide.

Multifamily MBS Affordability Disclosures

DUS Disclose allows investors to access comprehensive information about our multifamily securities, including at-issuance documentation, ongoing performance data of the loans backing the MBS, and detailed data on the affordability of multifamily issued pools. The affordable housing data is easily accessible, displaying the percentage of units in the related mortgaged-property that met certain Area Median Income (AMI) levels based on the rent roll submitted at acquisition. The units within this breakdown are categorized as either “Restricted” (encumbered by a regulatory or recorded agreement) or “Based on Rent Roll” (unrestricted by a regulatory agreement, based on rent rolls submitted at acquisition)¹.

- The following example shows the affordability data for the property backing the Fannie Mae Multifamily DUS MBS pool BS0903 in DUS Disclose. (This information may also be exported into Excel.)



¹ “Based on Rent Roll” affordability breakdown is available for multifamily MBS pools backed by mortgages on multifamily or military properties issued on or after May 1, 2022.



A social flag is also available through the Advanced Search feature within DUS Disclose, which allows investors to easily search for labeled Multifamily Social MBS. For labeled social bonds, the field “Affordable Housing Type” will disclose the type of affordable program under which the property backing the loan in the security qualifies. (The next section provides a detailed breakdown of the programs eligible for inclusion in our Multifamily Social MBS.)

The DUS Disclose Learning Center, navigable from the Resources tab, provides downloadable resources for using the platform. These include a detailed Glossary containing disclosure fields and definitions, and a quick reference guide (“Green and Social Reports and Data Quick Reference Guide”) that walks through how to search and export labeled social bond issuance information. The exported file includes affordability information on a per-property basis.

Multifamily Social MBS Programs

Provided the loan conforms to our standards (outlined in the [Multifamily Selling and Servicing Guide](#)), properties that adhere to one of the following programs and meet one of the defined Social Impact Criteria at loan origination are eligible for inclusion in a Multifamily Social MBS:

- **Restricted Affordable Housing.** The most restrictive of our affordable housing offerings, these loans finance properties encumbered by a regulatory or recorded affordability agreement that provide rent-restricted housing. This housing can be subsidized under various government programs including Low-Income Housing Tax Credits (LIHTC), the U.S. Department of Housing and Urban Development’s Section 8 Housing Assistance Payments (HAP) program, state and local housing initiatives, or restricted under Fannie Mae’s Sponsor-Initiated Affordability (SIA) product. Rent or income restrictions must meet or exceed one of the following:
 - 20% of units affordable to households earning no more than 50% of AMI
 - 40% of units affordable to households earning no more than 60% of AMI
 - 20% of units subject to a project-based HAP contract
 - 20% of units affordable at 80% of AMI with rent not exceeding 30% of adjusted AMI for properties subject to a Special Public Purpose regulatory agreement imposed by a government entity
- **Unrestricted Affordable Housing.** Fannie Mae provides financing for market-rate units that do not receive support from government housing programs but still offer affordable rents in local markets. To qualify, at least 80% of units must be affordable to households earning no more than 60% of AMI.
- **Manufactured Housing Communities (MHC):** Fannie Mae finances the owners of MHC sites (in which the individual pad sites are leased to owners of manufactured homes), an important part of U.S. affordable housing stock. For more information on MHC properties and their inherent affordability characteristics, read our [Product Overview](#).

Additional Resources

For more detailed information about how we provide financing to the commercial mortgage market, read our [Delegated Underwriting and Servicing Program Overview](#). Other information on our Multifamily Social MBS can be found using the below links:

- [Social Bond Framework](#)
- [Multifamily Social Bonds Webpage](#)
- [Fannie Mae Bond Impact Reporting](#)