

The Duty to Serve Rule Increases Access to Mortgage Financing



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ED
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strong communities
from the ground up



Fannie Mae and Freddie Mac, government sponsored enterprises (GSEs), help lenders originate and offer a wide range of mortgage products and solutions by purchasing loans that meet their requirements. This “secondary mortgage market” helps provide liquidity for mortgage lenders, so they can make additional loans to other borrowers.

In support of their mission and Duty to Serve, the GSEs may prioritize purchasing some loans to meet specific affordable housing goals established to support underserved markets that include very low-, low-, and moderate-income homebuyers. They make these commitments in their Duty to Serve plans, which describe clear activities they will implement and goals the GSEs will meet to support lending in underserved markets. Those goals and activities include actions that support lending for homes in shared equity programs.

Do You Meet Duty to Serve Requirements for Shared Equity?

At the program level, to be Duty to Serve eligible, a shared equity program must:

- 1 Be run by a nonprofit or government, and
- 2 Use a ground lease, deed restriction or subordinate loan that includes:
 - A An affordability term of 30 years or more limiting transfers to LMI purchasers,
 - B A resale formula that limits the homeowner’s proceeds upon resale,
 - C A preemptive purchase option for the sponsor (or first right of refusal), and
 - D A review and approval process for refinancing or home equity lines of credit.

There are additional transaction-based requirements regarding buyers’ income at the time of purchase.

! Shared equity homeownership is a priority in the GSE’s Duty to Serve plans, so they are taking action to increase access to mortgage financing for shared equity homebuyers.

How can you benefit from Fannie Mae’s Duty to Serve activities supporting Shared Equity? Get Certified! If your homeownership program meets the definition of SEH in the Duty to Serve rule, you may be eligible to get on a list of programs distributed to Fannie Mae lenders, opening doors for your homebuyers and making your staff’s lives easier. Find out more at www.GroundedSolutions.org/dts-opportunity



Fannie Mae

**SHARED EQUITY
HOMEOWNERSHIP
PROGRAM CERTIFICATION**



Verify Your Program’s
Duty to Serve Eligibility

