Fannie Mae

What is Shared Equity?

Under the "Enterprise Duty to Serve Underserved Markets" rule, the Federal Housing Finance Agency (FHFA) provides general guidance for identifying shared equity programs.

Types of Shared Equity Programs

While there are a variety of shared equity programs, the FHFA divides them into two broad categories:

- Resale restricted programs administered by community land trusts, other nonprofit organizations, or state or local governments or instrumentalities
- Shared appreciation loan programs administered by community land trusts, other nonprofit organizations, or state and local governments or instrumentalities that may or may not partner with a for-profit institution to invest in, originate, sell, or service shared appreciation loans.

What Sets Qualified Shared Equity Programs Apart

To effectively preserve affordable homeownership, these programs have the following common characteristics:

- Provide homeownership opportunities to very low-, low-, or moderate-income households
- Utilize a ground lease, deed restriction, subordinate loan, or similar legal mechanism that includes provisions stating that the program will keep the home affordable for subsequent very low-, low-, or moderate-income families, the affordability term is at least 30 years after recordation, a resale formula applies that limits the homeowner's proceeds upon resale, and the program administrator or its assignee has a preemptive option to purchase the homeownership unit from the homeowner at resale.
- Support homebuyers and homeowners to promote sustainable homeownership, including reviewing and pre-approving refinances and home equity lines of credit.

Additional Resources

To learn more about shared equity, see the following resources:

- FHFA's "Enterprise Duty to Serve Underserved Markets" rule
- Fannie Mae's Duty to Serve Affordable Housing Preservation Market Plan