Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2023
PURCHASE

ACTIVITY:

Activity 5 – Support Multifamily Properties in All Rural Areas: Additional Activity

OBJECTIVE:

Objective A: Purchase Loans to Preserve Properties with USDA Section 515 Debt

INFEASIBILITY:

☒ Check here if the Enterprise is submitting an infeasibility request for the objective.

If applicable, provide a concise summary of the underserved market conditions or other extenuating circumstances outside of the Enterprise's control that substantially interfered with accomplishment of the objective.

USDA Section 515 transactions are highly complex, with multiple parties, multiple properties, and sometimes challenging market conditions. We face several challenges in our attempts to purchase USDA Section 515 Debt loans.

First, due to the tightly integrated USDA requirements between USDA programs, it is difficult or less desirable for USDA borrowers to also use financing outside of the USDA programs, like that provided by Freddie Mac. Borrowers are accustomed to working specifically with USDA lenders and USDA loan products to originate rural rental housing loans. In addition, developers experienced with the USDA 515 program are accustomed to and well-versed in the USDA Section 538 program, which is viewed as effective, efficient, and available with preferable terms. It is the primary source of new debt on existing properties. We also found that these borrowers prefer 9% LIHTC transactions with minimal debt needs that are best met by USDA or CDFIs as the UPBs fall below levels necessary for the economics of a Freddie Mac transaction to be viable.

Freddie Mac has built the ability to support USDA 515 debt into our core products and we remain ready to support the market as it needs us.

Although we purchased one loan in 2021, we have found that to have been a unique scenario and not indicative of a broader market for our offering. Our target in 2023 was two transactions; our progress at the end of 2023 is zero transactions. For 2022-2024 USDA Section 515 debt, we are yielding a baseline of 0 transactions.

SUMMARY OF RESULTS:

Provide a concise summary of the volume of loan purchases under this objective and how they compare to the Plan targets. Include the baseline in the summary.

If there are other relevant results under this objective beyond the loan purchases themselves, provide a concise summary of those results here. Include in the summary a list of any non-loan purchase actions or deliverables specified in the objective that were not completed.

Despite extensive outreach and work during the entirety of 2023 and the previous year, Freddie Mac has not been able to complete any USDA Section 515 purchase goal transactions, falling short of our goal of two transactions. USDA Section 515 transactions are highly complex with multiple parties and properties, and challenging market conditions. The tightly integrated USDA requirements make Freddie Mac's financing less desirable to borrowers and developers.

Objective's components detailed in the Plan	*Corresponding actions or deliverables*	*Any deviations from the Plan (if applicable)*
Two transactions, each including at least one property in a DTS rural market	Zero Transactions	Infeasibility

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

☐ Target met
☐ Target exceeded
☒ Objective partially completed
☐ No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

☐ 50 – Very Large Impact
☐ 40
☐ 30 – Meaningful Impact
☒ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

IMPACT EXPLANATION:

Answer the following questions.

1. How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market's needs, or in laying the foundation for future impact in addressing the underserved market's needs?

Freddie Mac has built the ability to support USDA 515 debt into our core products and we remain ready to support the market as it needs us.

USDA Section 515 transactions are highly complex, involve multiple parties and properties, and often face challenging market conditions. Because USDA requirements are tightly integrated between USDA properties, borrowers find outside financing less desirable. Borrower familiarity with USDA lenders and loan products and the layers of experience and expertise involved in leveraging the USDA Section 538 program add to challenges for Freddie Mac's involvement in this market.

In 2023, Freddie Mac conducted extensive outreach to raise awareness of our Section 515 offering, including through sponsorship of Enterprise Community Partner's 2023 Rural Rental Housing Preservation Academy. A member of the Freddie Mac production staff participated in a panel during the academy, during which Freddie Mac's Section 515 offering and other loan products were highlighted. Freddie Mac also sent several staff to attend the Council for Affordable and Rural Housing (CARH) conference and continued marketing our 515 offerings through regular lender outreach. While this outreach failed to result in a Section 515 transaction, we have significantly improved awareness of our product offering.

2. What did the Enterprise learn from its work about the nature of the underserved market's needs and how to address them?

Through our extensive outreach work over the last two years of the Duty to Serve Plan cycle, Freddie Mac has gained insight into the Section 515 market. Our outreach to multiple potential sponsors indicates that borrowers' needs are met with non-Freddie Mac financing options through USDA lenders who are able to provide more aggressive credit terms. Section 538 debt, for example, offers a 1.15x debt coverage ratio (DCR) based on 40-year amortization and a maximum 97% loan-to-value (LTV), which generally fall outside of the Freddie Mac credit standards.

We also discovered that USDA borrowers have a preference for 9% LIHTC transactions with minimal debt needs that are best met by USDA or CDFIs.

3. **Optional**: If applicable, why was the Enterprise unable to achieve the Plan target?

Due to the tightly integrated USDA requirements between USDA programs, borrowers find it difficult or less desirable to use financing outside of USDA programs. It may take time for developers to consider alternative financing and become accustomed to Freddie Mac's loan structure and benefits, but the credit terms of Section 515 and Section 538 are both more aggressive than what Freddie Mac is able to provide. These transactions are complex and include multiple parties, and cover properties in sometimes challenging market conditions, meaning a transaction can fail due to many factors, such as disruptions in the LIHTC equity market, rising interest rates, or changes in local market conditions. These reasons and those outlined above have resulted in Freddie Mac's inability to secure a Section 515 transaction in 2023.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

Q1: JANUARY-MARCH 2023

PURCHASE

ACTIVITY:

5- Support Multifamily Properties in All Rural Areas: Additional Activity

OBJECTIVE:

A-Purchase Loans to Preserve Properties with USDA 515 Debt

SUMMARY OF PROGRESS:
USDA Section 515 transactions are highly complex, with multiple parties, multiple properties, and sometimes challenging market conditions. There are several challenges we have faced trying to purchase a USDA Section 515 Debt loan. There are limited financing sources for these properties due to the tightly integrated USDA requirements between USDA programs. Borrowers are accustomed to working specifically with USDA lenders and USDA loan products to originate rural rental housing loans. The Freddie Mac loan product has a different loan and legal structure than the current financing option to this market. Developers experienced with the USDA 515 program are accustomed to and well-versed in the USDA Section 538 program, and leverage it as the primary source of new debt on existing properties. We did not purchase any loans from 2018-2020 with USDA Section 515 debt, leading to a plan baseline of 0 transactions. While we did purchase one loan in 2021 outside of a Duty to Serve qualifying rural area, we have not found that to be indicative of market interest in leveraging loan offerings independent of USDA. Our goal target in 2023 is two transactions.

SELF-ASSESSMENT RATING OF PROGRESS:
Select the category that best describes progress on this objective for the reporting period.
☐ On track to meet or exceed the target
☐ Progress delayed and/or partial completion of the objective expected
☒ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):
We have done extensive work and outreach during the first quarter of 2023 as well as the entirety of 2022 in order to finance a USDA Section 515 property and will continue to work towards achieving this target through the remainder of the year. We conducted outreach to numerous borrowers and learned that they are comfortable with existing financing options and the relationships they have with

USDA lenders and offerings already. We observed that USDA Section 538 debt is effective and sufficient in the market today.

The feedback we received from lenders is that prospective borrowers are content with non-Freddie Mac financing options through USDA lenders, including USDA Section 515 and 538 debt which provide more aggressive credit terms than what Freddie Mac would offer; 538 debt allows for a 1.15x debt coverage ratio (DCR) based on 40-year amortization and up to a 97% loan-to-value (LTV). These parameters are outside our credit standards and go beyond any credit exception that we can approve.

We have advertised our loan product via email blasts and we continue to look for ways to pursue these financing opportunities in ways that can benefit borrowers and complement capital in the market today. Our aggressive work to market our offering lays a foundation for future loan purchases. We have significantly enhanced awareness of our product offering and made our presence in the market clear to lenders and sponsors.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

Q2: APRIL- JUNE 2023

PURCHASE

ACTIVITY:

5- Support Multifamily Properties in All Rural Areas: Additional Activity

OBJECTIVE:

A-Purchase Loans to Preserve Properties with USDA 515 Debt

SUMMARY OF PROGRESS:
USDA Section 515 transactions are highly complex, with multiple parties, multiple properties, and sometimes challenging market conditions. We face several challenges in our attempt to purchase a USDA Section 515 Debt loan. There are limited financing sources for these properties due to the tightly integrated USDA requirements between USDA programs, which makes it difficult or less desirable for borrowers to use financing outside of the USDA programs.

- Borrowers are accustomed to working specifically with USDA lenders and USDA loan products to originate rural rental housing loans. The Freddie Mac loan product has a different loan and legal structure than the current financing option to this market.
- Developers experienced with the USDA 515 program are accustomed to and well-versed in the USDA Section 538 program and leverage it as the primary source of new debt on existing properties.

While we did purchase one loan in 2021, we have not found that to be indicative of market interest in leveraging loan offerings independent of USDA. Our goal target in 2023 is two transactions; our progress at the end of Q2 is zero transactions. We did not purchase any loans from 2018-2020 with USDA Section 515 debt, yielding a baseline of 0 transactions.

SELF-ASSESSMENT RATING OF PROGRESS:
Select the category that best describes progress on this objective for the reporting period.

☐ On track to meet or exceed the target

☐ Progress delayed and/or partial completion of the objective expected

☒ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

We have done extensive work and outreach during the first and second quarters of 2023 as well as the entirety of 2022 in order to purchase a USDA Section 515 property and will continue to work towards achieving this target through the remainder of the year. We conducted outreach to numerous borrowers and learned that they are comfortable with existing financing options and the relationships they have with USDA lenders and offerings already. We observed that USDA Section 538 debt is effective and sufficient in the market today.

The feedback we received from lenders is that prospective borrowers are content with non-Freddie Mac financing options through USDA lenders, including USDA Section 515 and 538 debt which provide more aggressive credit terms than what Freddie Mac would offer; 538 debt allows for a 1.15x debt coverage ratio (DCR) based on 40-year amortization and up to a 97% loan-to-value (LTV). These parameters are outside our credit standards. We also heard from a prominent operator in the space that firms presently prefer 9% LIHTC transactions with minimal debt needs that are best met by USDA or CDFIs.

Staff from the Debt and Equity Production teams attended the Council for Affordable and Rural Housing (CARH) conference in June to discuss Freddie Mac offerings with borrowers and sponsors. Additionally, we have advertised our loan product via periodic promos in weekly and monthly marketing emails, three specific email blasts, and a permanent term sheet on our website. We continue to look for ways to pursue these financing opportunities in ways that can benefit borrowers and complement capital in the market today. We have significantly enhanced awareness of our product offering and made our presence in the market clear to lenders and sponsors. Our aggressive work to market our offering lays a foundation for future loan purchases.