

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
 AFFORDBALE HOUSING PRESEVATION
 2023
 PURCHASE

ACTIVITY:

Activity 6 – Comparable State and Local Affordable Housing Programs: Statutory Activity

OBJECTIVE:

Objective A: Purchase Loans with State and Local Programs

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.

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.

In 2023, Freddie Mac purchased loans for properties benefiting from state and local programs, supporting 55,587 units. This exceeded both our modified 40,000-unit target and our original 45,000-unit target. Freddie Mac modified this target based on the reduced size of the overall multifamily originations market, which dropped by more than 40% from 2022 to 2023, according to the Mortgage Bankers Association. Although we have not set a purchase target for state and local programs before, we purchased loans supporting an average of 31,095 units that would have met the objective from 2018 to 2020.

State and local programs provide important financing and often work together with other Federal subsidy programs to ensure affordable housing units are created and preserved. Our surpassing this goal in a shrinking originations market marked by rising interest rates and capital markets volatility demonstrates our clear focus on working with states and localities to provide liquidity that meets affordable housing needs.

<i>Objective’s components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
40,000 units	55,750 units	Modified target from 45,000 units

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?

Creating and preserving affordable housing that supports vulnerable renter populations requires state and local programs and tax credits to spur investment and to fill in gaps not met by Federal subsidy programs. Freddie Mac's purchase of loans with state and local subsidies helps support local affordable housing goals and provides liquidity and stability to these markets. It also furthers the preservation of affordability of properties in states and localities that might otherwise have a shortage of supportive financing.

In the face of a shrinking multifamily market and an elevated and volatile interest rate environment, Freddie Mac proposed a modification of this objective's target, moving from a 45,000-unit to a 40,000-unit goal. As the market adjusted and began to stabilize it helped increase the pace of these deals in the second half of the year. This combined with focused and persistent outreach to housing finance authorities and reliance on our existing partnerships allowed us to exceed even our unmodified goal.

Our State and Local unit goal was a frequent topic of discussion from quarterly calls between Freddie Mac senior leaders and Optigo lenders to weekly pipeline calls with lender relationship managers. Through these engagements, Freddie Mac often sought feedback on the lending environment. This allowed us to position appropriately and responsibly lean in on target-accretive transactions.

Due to the seasonality of our business and the market stabilizing, Freddie Mac's lending volume increased in the second half of the year, including for business related to our mission targets. To accommodate the increase in demand on internal resources, in 2023 Freddie Mac cross-trained its conventional and small balance underwriters, allowing them to help with Targeted Affordable Housing loans as needed. Through the end of December, our teams worked together to meet our state and local target. Our production and underwriting teams held daily calls to locate all loans that could close within the calendar year, prioritizing those that helped us meet this target.

An example of a successful state or local subsidy transaction is one we completed with the Delaware State Housing Authority, or DSHA, in Smyrna, Delaware. The entire 106-unit, age-restricted apartment community, which is spread across three properties, is restricted to 80% of Area Median Income (AMI). This RAD-converted property also benefits from LIHTC and DSHA agreements, which further limit rents, including by restricting 93 units to 50% AMI affordability, 7 units to 60% AMI affordability, and 6 units to 80% AMI affordability. Construction was completed in 2022, creating a new development with modern design features and amenities, including shared outdoor spaces.

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

State and local programs provide vital funding for the creation and preservation of affordable housing. Although these programs help complete a capital stack and allow transactions to move forward, they can increase the complexity of a transaction. Freddie Mac found that properties benefiting from the additional layer of subsidy are tightly financed and can be impacted by market volatility, falling property valuations, and elevated interest rates. As market conditions became somewhat more predictable in the second half of the year, Freddie Mac leveraged its consistent outreach to our sponsor network and relationships with housing finance agencies to overcome market challenges to reach the state and local programs target for the year.

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

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

Q2: APRIL- JUNE 2023

PURCHASE

ACTIVITY:

6 – Comparable State and Local Affordable Housing Programs: Statutory Activity

OBJECTIVE:

A - Purchase Loans with State and Local Program

SUMMARY OF PROGRESS:

Freddie Mac has funded 21,470 units benefiting from state and local subsidies as of Q2 against our 45,000-unit 2023 target. This is behind our pace for 2022 where we exceeded our 44,000-unit target, funding 59,816 units. We project that we will only partially complete our objective.

We have not set a purchase target within Duty to Serve for loans with state and local programs before the 2022-2024 plan cycle, but we have a history of purchasing loans with state and local subsidies through our Targeted Affordable Housing line of business. We purchased loans supporting 31,095 units with state and local subsidies between 2018 and 2020.

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):

The reduction in Freddie Mac's year-over-year state and local purchase volume is due to a number of factors, including a reduction in the size of the multifamily market, which was largely driven by the interest rate environment. The Mortgage Bankers Association projects that the origination market will contract by 38% in 2023.

It is also attributable to market conditions in the first half of the year, which required credit discipline. Early in the 2023, Freddie Mac projected that property prices and net operating incomes (NOIs) were likely to fall, and those declines have materialized. Freddie Mac chose to be prudent about exceptions to credit policy based on its projections. Many of our competitors continued to offer aggressive credit

terms. While we lost market share during this time, our initial prediction regarding the market has been correct and a prudent approach on credit was warranted.

The future months look more stable as the economy has adjusted to higher interest rates while maintaining a high level of employment. As a result, we are now better positioned to attract additional state and local transactions throughout the remainder of the year and into 2024 and expect to see more transactions. Given the length of our state and local transaction cycle, we still anticipate that we may fall short of target in 2023.

We are on pace for a successful year relative to the size of the market because of our funding several significant transactions in the first half of the year. Given that our goals reflect growth over baselines established during favorable market conditions, we may fall short of our goal despite our efforts. Meeting the 2023 target will be challenging given market factors which are outside our control.