

Exhibit C:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC
 RURAL HOUSING
 2023
 LOAN PRODUCT

ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

B – Develop Product Enhancements to Increase Origination of Conventional Mortgages from Community Development Financial Institutions

INFEASIBILITY:

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

SUMMARY OF PROGRESS:

Freddie Mac met our goals under this objective toward enabling rural community development financial institutions (CDFIs) to originate more that could be delivered to Freddie Mac. We gathered input on potential flexibilities that would enable CDFIs to sell us loans that they originate and engaged potential aggregators interested in working with CDFIs to support an indirect selling relationship with Freddie Mac.

Action	2023 Achievements
1. Host a series of at least four working group sessions to collaborate with industry CDFI partners in evaluating existing conventional mortgage offerings and identifying product terms and flexibilities needed to increase originations in high-needs rural regions. Select CDFIs for their experience in lending in high-needs rural regions, including those that also can provide performance data and profiles of customers already being served in this market.	Complete <ul style="list-style-type: none"> • Held individual working group sessions with four CDFIs to evaluate existing mortgage offerings and identify terms and flexibilities that could help generate more originations in high-needs rural regions. • Selected organizations for their relevant experience, expertise, and regional perspectives. Taken together, the CDFIs represented the main high-needs rural areas: the Lower Mississippi Delta, Indian areas, Middle Appalachia, and colonias.
2. Identify aggregators to partner with CDFIs acting as third-party originators to support conventional mortgage originations via an indirect selling relationship with Freddie Mac. Assess and select additional CDFIs for their capabilities to support a direct selling relationship with Freddie Mac to extend our pipeline of CDFIs that can leverage conventional financing effectively.	Complete <ul style="list-style-type: none"> • Reviewed the list of Freddie Mac-approved aggregators to determine those that might serve as aggregators for CDFIs high-needs rural regions. Engaged with selected aggregators to discuss the possibility. • Received commitment from a Freddie Mac lender that serves high-needs rural regions to become an aggregator. Working with the lender to navigate the process of becoming an aggregator.

	<ul style="list-style-type: none">• Engaged with additional Freddie Mac lenders that expressed interest in becoming aggregators for CDFIs. Organizational changes and market conditions affected their ability to move forward. For example:<ul style="list-style-type: none">○ One lender developed a program to train brokers on Freddie Mac products as part of its effort to expand its network. The lender shared the training with other institutions; one of the other lenders that is exploring becoming an aggregator has begun to use the program, too.○ Another of the lenders told us in follow-up conversations that they currently do not have capacity to pursue becoming an aggregator.○ One of the lenders was working to add a CDFI to its third-party originators network but layoffs due to market conditions affected the team. Progress was paused. We plan to reengage.○ Another of the lenders is undergoing a merger, resulting in a change of direction. Further discussions are on hold until merger activities are complete.• Received a commitment from a Freddie Mac lender to aggregate loans made on homes in Indian areas. Working with the lender to navigate the process of becoming an aggregator.• Compiled a list of CDFIs that lack a path to sell loans into the secondary mortgage market. Developed an approach to help make connections between aggregators and the CDFIs.
--	--

SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Objective partially completed
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

Not applicable.

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20

10 – Minimal Impact

0 – No Impact

IMPACT EXPLANATION:

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 laid the foundation to make a meaningful impact in high-needs rural regions through our efforts to enlist more lenders to serve as aggregators for CDFIs and to gather additional insights into product enhancements that could enable CDFIs to originate more loans that would be eligible for Freddie Mac to purchase. Many CDFIs are smaller lenders; they might not meet the requirements to become Freddie Mac-approved or have the capacity to go through the approval process. By increasing the number of aggregators, we are building additional pathways into the secondary market for CDFIs. Having this access will lead to a greater flow of liquidity into high-needs rural regions and create opportunities for CDFIs to help more very low-, low-, and moderate-income households attain and sustain homeownership.

Our working sessions with four CDFIs allowed for valuable discussions around CDFIs’ lending practices, challenges that their customers face when attempting to qualify for a mortgage, current Freddie Mac mortgage options, and policy updates that could enable CDFIs to originate more loans eligible for sale to Freddie Mac. Each participating organization serves a different geography. The range of perspectives allowed us to better understand the varying needs of their communities. In addition to discussing housing and lending needs in high-needs rural areas generally, we explored manufactured housing, energy efficiency, and shared equity opportunities. The feedback gathered during the sessions factored into our thinking about the product enhancements that we will make in 2024 to better meet CDFIs’ conventional lending needs.

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

We confirmed through our working group sessions that CDFIs would like to sell more of the loans they originate into the secondary mortgage market but typically hold them in portfolio because the loans often do not meet GSE requirements. The population that CDFIs serve often earn very low or low incomes, have thin or no credit histories, and have low capacity to set aside savings. To serve their communities, CDFIs are willing to offer greater flexibility in their mortgage terms. We are considering the feedback and insights gained during the working sessions in tailoring a solution to facilitate CDFIs’ origination of conventional mortgages in high-needs rural areas.

We learned more about the challenges that some lenders may experience in building direct and indirect selling relationships with Freddie Mac. For example, a CDFI might ask a larger lender to serve as the aggregator but not meet the capital requirements to become a participating correspondent lender. On the other side of that equation, aggregators often lack an effective channel for small lenders. For CDFIs that want to expand support for their communities by becoming aggregators, the financial resources, time, technology infrastructure, and staffing needed may limit them. When it can make a difference in a CDFI’s ability to become an aggregator, Freddie Mac offers technical assistance to help facilitate and navigate the process.

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

Not applicable.

Exhibit C:
Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC
 RURAL HOUSING
 Q2: JANUARY-JUNE 2023
 LOAN PRODUCT

ACTIVITY:

1 – High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

B – Develop Product Enhancements to Increase Origination of Conventional Mortgages from Community Development Financial Institutions

SUMMARY OF PROGRESS:

Freddie Mac made progress during the first half of 2023 toward our goals under this objective to identify potential product enhancements that could encourage CDFIs to originate more loans in high-needs rural regions that could be delivered to Freddie Mac as well as to extend our network of CDFIs acting as aggregators or as direct sellers.

Action	2023 Achievements through Q2
<p>1. Host a series of at least four working group sessions to collaborate with industry CDFI partners in evaluating existing conventional mortgage offerings and identifying product terms and flexibilities needed to increase originations in high-needs rural regions. Select CDFIs for their experience in lending in high-needs rural regions, including those that also can provide performance data and profiles of customers already being served in this market.</p>	<p>In progress</p> <ul style="list-style-type: none"> • Selected and reached out to organizations to schedule working group sessions. Strategically planning to ensure that relevant markets are represented. • Gathered initial feedback from CDFIs serving the Lower Mississippi Delta and Indian areas during regional convenings.
<p>2. Identify aggregators to partner with CDFIs acting as third-party originators to support conventional mortgage originations via an indirect selling relationship with Freddie Mac. Assess and select additional CDFIs for their capabilities to support a direct selling relationship with Freddie Mac to extend our pipeline of CDFIs that can leverage conventional financing effectively.</p>	<p>In progress</p> <ul style="list-style-type: none"> • Received commitment from an approved Freddie Mac lender that serves high-needs rural regions to become an aggregator. Working with the lender to navigate the process of becoming an aggregator. • Identified and engaging with an additional approved Freddie Mac lender with capacity to serve as an aggregator of loans in Indian areas. • Delivered personalized presentations and held conversations with other CDFIs that have the capacity to serve as aggregators. • Highlighted the opportunity to serve as an aggregator for CDFIs during conversations with larger lenders. • Compiling a list of CDFIs that currently lack a path to sell loans into the secondary mortgage market; anticipate using the list to help make connections between aggregators and CDFIs.

SELF-ASSESSMENT RATING OF PROGRESS:

- 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):

Not applicable.