

Exhibit F:
Annual Investments Narrative Reporting Template

FREDDIE MAC
 RURAL HOUSING
 2023
 INVESTMENT

ACTIVITY:

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

OBJECTIVE:

Objective D: Engage in LIHTC Equity Investment

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 investments made 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 investments themselves, provide a concise summary of those results here. Include in the summary a list of any non-investment actions or deliverables specified in the objective that were not completed.

In 2023, Freddie Mac completed 7 LIHTC equity investments in support of High-Needs Rural Regions fulfilling our target of 7 transactions. These included four transactions in Middle Appalachia, two in the Lower Mississippi Delta and one in Colonia investment.

The \$44 million cumulative investment supported the creation or rehabilitation of 318 affordable housing units. Freddie Mac has provided strong and consistent support to the LIHTC equity market since 2018, and by focusing a meaningful portion of our investment capital in High-Needs Rural Regions, we are able to provide stability and increase competition for LIHTC credits, benefiting efforts to support affordable housing development. Our baseline is five transactions.

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
7 Transactions	7 Transactions	N/A

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 provides stability and competition to the rural LIHTC equity market, especially by focusing a meaningful portion of our LIHTC equity investments in High-Needs Rural Regions. These investments have made significant positive impacts within these areas and likely contribute to improved LIHTC pricing. We have worked relentlessly to cultivate and grow relationships with our rural developers, lenders and LIHTC syndicators, which has resulted in a significant cumulative impact since the creation of this objective.

Higher competition, inconsistent allocations, and challenging and unpredictable transactions due to high-cost environments can cause the LIHTC market for High-Needs Rural Regions to be underserved despite a significant need in these areas. In addition, the Community Reinvestment Act (CRA), which drives more investment to urban and mid-sized metropolitan areas, results in less opportunities to invest in rural areas.

The potential pipeline for High-Needs Rural Regions LIHTC transactions is very small, but Freddie Mac uses its LIHTC syndicator relationships and experience in the market to locate investment opportunities. Freddie Mac works to clearly communicate its investment objectives to its LIHTC syndicators at the outset of the year so that they are constantly monitoring the market for possible transactions. To meet our goals, Freddie Mac must offer pricing conducive to winning a high percentage of these transactions. This can result in a higher price per credit, which may provide developers with additional equity, reducing their needs for higher-cost sources of capital. In addition, to meet our targets, Freddie Mac must build a pipeline of potential transactions that well-exceeds our target given that these transactions are often subject to delays outside our control or other circumstances that may cause certain transactions to not be viable.

In 2023, Freddie Mac made its first Colonia investment, Heber del Sol. Following FHFA's rulemaking, Freddie Mac leveraged its LIHTC syndicator network to analyze updated maps and uncover this transaction. More details on this transaction and an additional example of a High-Needs Rural Regions transaction that brought critical housing to the market are included below:

- **Heber del Sol – Heber, CA:** This is Freddie Mac's first LIHTC Equity Investment in a Colonia area. The property is a newly developed, 48-unit multifamily apartment property. All but one of the property's units are restricted to households earning between 0% and 50% of area median income (AMI). The remaining unit is reserved for staff and will not generate any revenue. All revenue-generating units will benefit from long-term subsidy under a Rental Assistance Agreement from the United States Department of Agriculture (USDA). As a

Colonia property, the Heber del Sol investment supports both a High-Needs Rural Region and a High-Needs Rural Population.

- **Campbell Methodist Housing – Campbell, KY:** This is an 88-unit property in the Middle Appalachia region which restricts all units for households earning between 0% and 60% AMI. Additionally, the project will benefit from two project-based Section 8 HAP contracts covering all 88 units. Residents will continue to pay 30% of their income towards rent. The Freddie Mac investment in this property supports the rehabilitation of all units.
- 2. What did the Enterprise learn from its work about the nature of the underserved market's needs and how to address them?

Our work in the LIHTC equity space for High-Needs Rural Regions has revealed that there are an extremely limited number of transactions available in any given year that both support these regions and that are in DTS-designated rural areas. Because of the limited market opportunity, completing transactions in this space is difficult. Each year there is variability in allocation and in the number of deals available. Additionally, there is unpredictability and uncertainty in project timelines because much of the financing is tied to USDA Rural Development, which makes financing less predictable.

At the beginning of last year, Freddie Mac set clear expectations for its LIHTC syndicator network, focusing on the importance of sourcing transactions that would benefit high needs regions that could close in 2023. Through ongoing conversations with syndicators throughout the year, transactions within the designated regions, including what would be necessary to win the business, were a continuous topic of discussion. We also attended conferences, including the Council for Affordable and Rural Housing (CARH) conference, to connect with rural developers and provide information related to our offerings. This increased networking and outreach helped us meet our 2023 goal and lays a foundation for our future work in these markets.

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

Not applicable.

Exhibit A:

Quarterly Investment Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
Q2: APRIL- JUNE 2023
INVESTMENT

ACTIVITY:

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

OBJECTIVE:

D - Engage in LIHTC Equity Investment

SUMMARY OF PROGRESS:

Our annual target for 2023 is 7 investments. As of the end of the second quarter we have made 1 investment and have 2 additional investments in our firm pipeline. Our baseline for the 2022-2024 Duty to Serve Plan cycle is five 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):

Freddie Mac has encountered market and other challenges as we have worked to complete LIHTC equity investments in High-Needs Rural regions in 2023. For example, southeastern states issued a smaller number of allocations for 2023, resulting in increased competition for all DTS deals. Of the state allocation lists, a low percentage of High Needs Rural deals received allocations.

There have also been continued delays at the USDA Rural Development (RD) office in financing and processing timelines. The time to underwrite these deals has more than doubled due to a large queue of deals seeking financing. Additionally, one of our developers informed us that the RD office expects 12 months to grant transfer applications/approvals.

This sentiment was echoed at the Council for Affordable and Rural Housing conference where RD officials indicated that RD is more than 100 people short of being fully staffed and that this likely will not change soon given current budgets. Further, RD lost many senior employees during COVID and have struggled to backfill these positions. The RD leadership team is meeting in September to discuss possible solutions.

Freddie Mac has been working to mitigate these obstacles through several efforts. We have been sourcing deals with hard closing deadlines in 2023, finding deals with firm construction pricing, and confirming if a deal with RD financing is actively being underwritten by RD. These activities will give us a clearer line of sight on a given project's ability to close by the end of the year.