

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC

MANUFACTURED HOUSING

2018

LOAN PRODUCT

ACTIVITY:

Activity 2 – Support for Manufactured Housing Titled as Personal Property (Chattel); Regulatory Activity.

OBJECTIVE:

Objective A: Conduct Outreach and Research on the Chattel Market.

ACTIONS:

Freddie Mac completed extensive research on the chattel market to inform the development of chattel pilot parameters as we enter this underserved market as part of our commitment to promote and facilitate a secondary market for chattel financing, consistent with safety and soundness.

In 2018, Freddie Mac:

- *Demonstrated leadership by bringing together participants active in the market in a variety of forums and facilitating the exchange of information on both market challenges and successes. We also completed our Request for Proposal to find partners to provide us with data and analytical support. As a result, we hired advisors that are privy to chattel performance, analytics, financing terms and the loan manufacturing process to inform our pilot design.*
- *Successfully acquired a limited amount of data on loan characteristics and performance that helped inform the design of our pilot parameters so that we can initiate purchase activity in 2019, which will provide us with a diverse set of loans that gives us additional data to facilitate development of a financing product.*

As a result of these engagements, Freddie Mac successfully obtained loan performance data to gain insight on historical securitizations including the FHA Title I program, plus much needed details on underwriting, servicing and disposition practices. Our outreach and partnerships helped us develop the framework for our purchase activity, including underwriting and servicing requirements with consumer protections incorporated, as well as components related to pricing, securitization, risk models and credit enhancement options.

Having gained perspective from all corners of the chattel market, and developed deep understanding of the market and how we might make a difference in it, we are well positioned to fulfill our commitment to begin to support ownership of manufactured homes titled as personal property, responsibly and effectively.

Activity	Status
1. Conduct Research on chattel performance and chattel loan life cycle, including: <ul style="list-style-type: none"> a. Evaluate data on loan performance b. Establish partnerships with expertise on data analysis 	<ul style="list-style-type: none"> • Conduct research on chattel loan performance and chattel loan life cycle: <ul style="list-style-type: none"> ○ We successfully obtained data on loan performance from five chattel lenders, and two Real Estate Investment Trusts (REIT) that own Manufactured Housing Communities, and we were also privy to historical loan performance data from our advisors

<p>c. Review current underwriting models or underwriting criteria supporting chattel financing</p> <p>d. Explore credit enhancements and risk sharing solutions</p> <p>e. Review loans servicing practices and disposition activities</p> <p>f. Review current pricing and explore securitization models.</p>	<ul style="list-style-type: none"> ○ We onboarded two firms in an advisory capacity to help us with data analysis, insight into underwriting, servicing and disposition practices. ○ We reviewed our existing credit models and leveraged both the data we obtained and our advisors' analytical expertise to develop a credit model that will be used for our chattel purchases. The credit model will be used in lieu of the traditional credit models we use today to assess credit and default risk on our mortgage loans and assist us with pricing and costing activities. The loss projections from our model also informed the development of our credit enhancement structure that will be in place as we purchase loans and look to securitize them to attract private capital. ○ We obtained feedback from lenders, our advisors, and other industry stakeholders on the best solutions and requirements to support risk sharing, underwriting, collateral valuation, servicing and disposition activities, with an added focus on ensuring consumer protections across requirements were addressed ○ Held lender discussions on pricing of their current chattel portfolios to better understand the costs included in current pricing <p>Explored available securitization structures that would allow loans securing properties that are titled as personal property to be part of the security; also began initial exploration of what is needed to develop a chattel security</p>
<p>Establish additional partnerships and advisors for information collection and sharing</p>	<ul style="list-style-type: none"> ● We convened the Manufactured Housing Task Force (MHIT) five times and leveraged both the general meeting and the working groups to discuss chattel financing practices and preview the pilot terms. ● We held two meetings with our Affordable Housing Advisory Council (AHAC), to determine additional solutions for this market. ● We also held two meetings with the Next Step SmartMH Task Force, to obtain feedback on impacts to homebuyers. ● We engaged six lenders to conduct a deep dive into their origination process and visited the operations of four of those lenders which enabled us to have a better understanding of the loan manufacturing process. ● We engaged two dealers and a credit investor to better understand current and historical investor activity in the chattel market and to gauge investor interest for securitization ● We also participated in two manufactured housing trade shows and six industry conferences, including holding Freddie led sessions and presenting our manufactured housing chattel initiative at the Louisville Manufactured Housing Show, Manufactured Housing Institute's Winter Meeting, The Counselor's Corner, Manufactured Housing Institute's Congress and Expo, Texas Manufactured Housing Association, Manufactured Housing Institute's Annual Meeting, and Prosperity Now.
<p>Use research findings to inform product development.</p>	<ul style="list-style-type: none"> ● We have begun to develop our pilot and used all of our findings to inform that work.

SELF-ASSESSMENT RATING OF PROGRESS:

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

- Objective met
- Objective exceeded
- Objective partially completed:
 - 75-99% (substantial amount)
 - 50-74% (limited amount)

- 25-49% (minimal amount)
- 1-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

If the self-assessment above indicated that the objective was partially completed, briefly explain the basis for the share of the objective that was completed. In the explanation, include a discussion of the level of effort expended for the completed actions compared to the level of effort required to complete the entire objective.

(Character limit: 3,000 characters, including spaces)

IMPACT:

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

- 50 – Substantial 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 actions under this objective impactful in addressing underserved market needs or laying the foundation for future impact in addressing underserved market needs? *(Character limit: 3,000 characters, including spaces)*

Our extensive work gave us the understanding and industry support needed to make informed business decisions and develop strategies for responsibly entering the chattel market. The information, insights, and relationships gained informed the design of the pilot that we plan to launch in 2019. This test-and-learn approach to market entry will help ensure that we develop an effective, efficient product that will be well adopted to help increase liquidity, grow market opportunity, and expand responsible, sustainable homeownership, particularly among very low-, low- to moderate-income families.

Freddie Mac is undertaking the challenge to enter a market where we have no experience, there are few lenders that participate, no transparency on loan performance, default risk and underwriting practices, and ultimately no securitization activity which is necessary for meaningful market growth and activity.

As a result, we have approached this activity with great care to learn how the market works, including conducting an in-depth review of current financing practices. We were successful in engaging lenders to provide us with data. Our research activities helped us build and establish the relationships necessary for information sharing by all interested parties (lenders, manufacturers, retailers, investors, dealers, MHC owners, providers of homebuyer education and counseling). All of the stakeholders we engaged will be critical to testing and adoption of any standards we bring to financing and securitization of these loans.

This research activity also informs and builds out the process by which we can purchase chattel loans. The data we obtain from our purchases provides us with the data we need for further modeling and solutions. Our purchases provide direct liquidity to lenders holding loans in portfolio and raises the market profile of chattel financing as we publish findings on what we have learned. This due diligence and our pilot purchases will allow us to serve as the catalyst for attracting investors and broker dealers as we provide the market with standards and securitization solutions. We anticipate that greater market participation and consistent standards will drive down lending costs associated with chattel financing which can be passed on to homeowners with very low-, low- and moderate-income.

2. Optional: How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation. *(Character limit: 1,500 characters, including spaces)*

3. *Our outreach and research efforts were critical to designing the pilot with safety and soundness to ensure we had a comprehensive understanding of current practices and credit risk before embarking on a purchase activity. Our research not only helps inform the initial phase of our pilot offering, but it also helps us understand loan performance using a larger data set, which will yield more information on prepayment and default risk, two components necessary for us to solution further on loss sharing and securitization solutions. Freddie Mac's ultimate goal is to be able to securitize chattel loans in order to avoid retaining loans in portfolio. Toward that end, we will continue our research on long term securitization solutions that will attract private capital to this market. Optional: Are there any market factors that adversely impacted the actions under this objective? If so, describe. (Character limit: 3,000 characters, including spaces)*

4. Optional: How did the actions under this objective contribute to increased or future loan purchases for the underserved market? (Character limit: 1,500 characters, including spaces)

As a result of our outreach and research, we developed the framework for a chattel pilot that, once implemented, will promote responsible chattel lending and homeownership opportunities; in turn, we will increase our purchase activity.

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

Exhibit C:
Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC
MANUFACTURED HOUSING
Q2: JANUARY 2018 THROUGH JUNE 2018
LOAN PRODUCT

ACTIVITY:

Activity 2 – Support for Manufactured Housing Titled as Personal Property (Chattel): Regulatory Activity

OBJECTIVE:

Objective A: Conduct Outreach and Research on the Chattel Market.

ACTIONS:

In 2018, Freddie Mac is focusing on conducting research on the chattel loan market, the chattel loan life cycle, and performing market outreach to develop a sound foundation for the chattel pilot.

During the first half of 2018, Freddie Mac hired industry experts on chattel lending (which resulted from our 2017 request for information) that have assisted us in obtaining data, analytical support, and operational expertise to drive our pilot design. Freddie Mac also partnered with several well-established lenders and other market participants to conduct extensive research on the chattel market to develop our chattel pilot parameters. Through our outreach, we learned about current lending practices, including transaction types, credit qualification, collateral valuation, financial documentation, quality control standards, loan performance, servicing, and disposition requirements. We received loan performance data from five lenders and two private manufactured housing communities that we used to gain a better understanding of loan performance and credit risk that has assisted us with the development of our credit risk model.

Freddie Mac has convened the Manufactured Housing Initiative Task Force (MHIT), the Affordable Housing Advisory Council (AHAC) and the Next Step SmartMH Task Force on this initiative. We have also participated in one manufactured housing trade show and four industry conferences, including presenting our Manufactured Housing Chattel initiative at the 2018 Louisville Manufactured Housing Show, the Manufactured Housing Institute’s Winter Meeting, The Counselor’s Corner and the Manufactured Housing Institute’s Congress and Expo. We will continue engaging with industry professionals to help inform the structuring of our pilot.

In the second half of 2018, Freddie Mac will complete the pilot design, work through implementation requirements, and continue to seek input from market participants.

Activity	Action Reference – Activity 2; Objective A	Status
Conduct Research on Chattel performance and chattel loan life cycle	Action 1	<ul style="list-style-type: none"> • Conduct research on chattel loan performance and chattel loan life cycle: <ul style="list-style-type: none"> ▪ Find viable sources for data and evaluate loan performance – <i>Completed</i> ▪ Establish partnerships with subject matter experts – <i>Completed</i> ▪ Review underwriting models or criteria – <i>Completed</i> ▪ Explore credit enhancements – <i>In Progress</i> ▪ Review servicing practices – <i>Completed</i> ▪ Review disposition activities – <i>Completed</i> • Review current pricing and securitization models – <i>In progress</i>

Establish additional partnerships and advisors for information collection and sharing	Action 2	<ul style="list-style-type: none"> • Convene MHT, AHAC and NextStep SmartMH Task Force at least bi-annually – <i>In progress</i> • Engage seven lenders – <i>Completed</i> • Participate in at least one Trade Show and four Key Industry Conferences – <i>In Progress</i>
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SELF-ASSESSMENT RATING OF PROGRESS:

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

- On-target to meet or exceed the objective
- Progress delayed and/or partial completion of the objective expected
- Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

If the Enterprise is not on target to meet or exceed the objective, briefly explain why. (Character limit: 1,000 characters, including spaces)