Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2019

PURCHASE

ACTIVITY:

5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

D – Purchase/Guarantee Seasoned Small Balance Loans from Small Financial Institutions

SUMMARY OF RESULTS:

	UPB			***Transactions***
Baseline (2014-2016)	*$292 MM*			*1*
2019 Target (lesser of)	*$200 MM*			*2*
2019 Volume	*$835 MM*			*4*
Incomes Targeted	*VLI units*	*LI units*	*MI units*	
	2,456	*4,432*	*5,505*	

In 2019, Freddie Mac substantially exceeded our target for the purchase/guarantee of seasoned small balance loans from Small Financial Institutions (SFIs). We exceeded our target number of transactions by 200% and exceeded our volume target by nearly 320%.

Overall, we provided $1.3B of liquidity to these institutions across 464 properties and 15,333 units. While not all of this volume was DTS-qualifying properties or units, all of the liquidity is highly impactful because it provided substantial balance sheet relief to these SFIs and allowed them to continue to lend in support of affordable housing.

Two of our four transactions were with federally insured depositories—Banc of California and First Foundation—while two others were with Community Development Financial Institutions (CDFIs)—California Community Reinvestment Corporation and Impact Community Capital. The depositories generally supported unrestricted properties, while the CDFIs generally supported properties with 9% or 4% LIHTC and other regulatory programs that preserve affordability for the long term.

All four of these institutions are repeat customers. This demonstrates that we have built effective relationships and an attractive suite of offerings to meet the needs of SFIs on a regular and repeatable basis; essentially, we have created an effective secondary market for SFIs and CDFIs. We look to continue to leverage this success to support the market in the future.

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

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 in laying the foundation for future impact in addressing underserved market needs? (limit: 3,000 characters, including spaces)**

There are three primary direct and substantial impacts resulting from our purchases this year: (1) we provided balance sheet relief, allowing institutions to increase their lending; (2) we did so with institutions of different sizes and types, serving different segments of the market, and (3) we served a substantial number of very low, low, and moderate income households—as referenced in the table above.

a. Our transactions allowed the SFIs to continue lending in support of small multifamily properties. We are able to determine which entities to partner with based on specific criteria such as: 1) determining total commercial real estate loans that represent 300 percent or more of the institution's total capital, and 2) determining if the outstanding balance of the institution's commercial real estate loan portfolio has increased by 50 percent or more during the prior 36 months. Based on our conversations with them, we know that at least two of our counterparties were approaching their multifamily lending capacity. Our executions enabled them to continue lending and increase their support for the market.
b. We transacted with different types of SFIs—both depositories and CDFIs—demonstrating our effectiveness at serving this market and increasing impact.
    1. The depositories focused on small properties without regulatory programs—a critical part of the market for workforce and affordable housing that tends to stay affordable. Both of these institutions are repeat customers, which demonstrates both the strength of our relationship management and the effectiveness of our offerings in providing liquidity.

2. CDFIs focused on supporting smaller loans on properties receiving 9% LIHTC equity, which larger institutions tend to shy away from due to small loan sizes. Often properties receiving 9% credits have the majority of the capital provided through LIHTC equity, leaving smaller amounts left to be covered by a first lien mortgage and state or local subordinate debt. By providing liquidity to CDFIs, we enable continued activity in support of properties whose regulatory restrictions ensure they will remain affordable over time.

c. Across our four transactions, we supported 5,505 DTS qualifying units (100% AMI), which is an increase of 184% over 2018. 2,456 of the units were affordable at very low-income levels (50% AMI), and 4,432 were affordable at 80% AMI. These properties were located across 16 different MSAs and 81 different localities in California. 718 DTS qualifying units were in DTS high opportunity areas, with 216 of those units affordable at 50% AMI, 140 affordable between 50% and 80% AMI, and 72 affordable between 80% and 100% AMI. In addition to these clear impacts, we also successfully executed our first transaction under our PC Swap offering. Successfully executing a new offering demonstrates that we have effectively broadened our methods of supporting SFIs into the future.

2. **What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)**

We learned two lessons: (a) serving the SFI market requires multiple offerings to serve different size institutions and transaction, and (b) not all SFIs will find it in their interest to execute transactions with us. We designed our offerings and outreach strategies to support different size institutions. Through our work under DTS, we continue to look for ways to better serve SFIs.

a. SFIs support two segments of the 5-50 property market: unsubsidized properties, and properties receiving LIHTC. The offering suited for each organization depends upon their size and business strategy. Our offerings can support SFIs across the spectrum, from CDFIs to depositories in small transactions and large. Our PC Swap transaction with Impact Community Capital was $141MM ($18.5MM applied to DTS units in 5-50 unit properties), while our seasoned pool securitization with Banc of California was $573MM ($381MM applied to DTS units in 5-50 unit properties). The PC Swap was ideal for smaller transactions as it was cost-effective and could be scaled to fewer loans, while the seasoned pool securitization was best for a larger transaction and capitalized on economies of scale.

b. SFIs may not want to securitize because they value the returns they get on their portfolio. SFIs consider cost of capital to retain loans versus cost to hedge loan pools and the impact to financial reporting based on how assets are reported. This means the market for SFI transactions is limited to a small subset of SFIs.

3. **<u>Optional</u>: If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)**

Not applicable

Attach the data specified for Loan Purchase objectives in Section 3 of this document.

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

1Q 2019 REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

Activity 5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

Objective D -- Purchase/Guarantee Seasoned Small Balance Loans from small financial institutions

SUMMARY OF RESULTS:

	UPB	**Transactions**
Baseline	$292 Million	1
2019 Target (lesser of)	$200 Million	2
1Q 2019 Volume	-	-

Freddie Mac has placed a strong priority on supporting Small Financial Institutions. Our offerings from 2018 and 2019, as well our outreach efforts to these institutions and intermediaries, position us well for continued success. While we have not yet closed a securitization with a DTS qualifying small financial institution in the first quarter, we have actively screened transactions and expect to close multiple securitizations in the first half of the year.

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):

N/A