Exhibit F:

Annual Investments Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2019

INVESTMENT

ACTIVITY:

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

OBJECTIVE:

A - Engage in LIHTC Equity Investment in All Rural Areas

SUMMARY OF RESULTS:

	Investments			***Properties***
Baseline (2014-2016)	*0*			*0*
2019 Target	*9*			*N/A*
2019 Volume	*13*			*13*
Incomes Targeted	*VLI units (0-50% AMI)*	*LI units (0-80% AMI)*	*MI units (0-100%AMI)*	
	67	*752*	*752*	

In 2019, Freddie Mac exceeded our target of 9 investments in rural areas by 56%. We closed 13 LIHTC equity investments supporting 13 rural properties. We invested $111.9 million across those investments in 10 different states, including two in Middle Appalachia, one in the rural Lower Mississippi Delta and one in a rural Persistent Poverty County (PPC). Combined, these properties supported 476 households making 60% AMI or less, and 67 households making 50% AMI or less. Our $111.9 million of investment in 2019 exceeded 2018's total of $73 million by 53%, representing a significant increase in our focus on rural markets.

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes your 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 four primary ways that our investments have had a direct and substantial impact on the rural market: (a) we provided stability to the market; (b) we exceeded market norms by investing a greater share of our investments in these areas relative to both our annual $500 million cap and to the national share of allocations to these markets; (c) the investments had a large impact on the specific communities; and (d) our proprietary fund model drove deeper involvement in each market by Freddie Mac and drove investment in underserved rural areas that were overlooked by non-CRA driven investors.

   a. Per public feedback from Novogradac and Midwest Housing Equity group at the 2019 Duty to Serve Listening Sessions, our entry into, and continued presence in, the LIHTC equity market has helped to stabilize pricing at a time of uncertainty leading up to, and after, tax reform.
   b. We invested a greater percentage of our allowed investment volume in rural markets than the market did overall. Of our $500 million annual cap on investments, we placed $111.9 million in rural markets. Our 13 investments out of 37 properties overall, represents a greater share relative to the national market: 35% (13/37) of our investments were in DTS rural regions while the national average allocation to rural areas has been 27.6%, per our analysis of National Housing Preservation Database (NHPD) data.[1]
   c. Our impact in individual markets as a result of our investments is clear when reviewing particular investments. The two examples below highlight the positive impacts these investments made in the market.

Property	Silvertowne – Silverton, OR	Skyview Terrace – Hobbs, NM
Region	Rural	Rural
Units	86 units at 60% AMI (Seniors)	72% units at 30% to 80% AMI (families)
Details	Rehabilitation of two adjacent USDA Rural Development (RD) senior properties into one LIHTC partnership create a tighter community and	New construction of 72 1, 2, and 3-BR units across 10 two-story buildings fitting into the small town character of Hobbs, NM (southeast NM). The

[1] *Per the NHPB over the past twenty years, there has been a national average of 1,350 LIHTC properties placed in service each year. Rural regions are only 27.6% of that, with an average of 370 being place in rural areas.*

	better operating efficiencies. One property was originally built in the 1970s and the other in the early 1990s leading to a variety of building conditions. In addition to the rehab, the developer will build a new community building that will benefit all community residents. The majority of units will benefit from RD operating subsidies allowing senior tenants to pay no more than 30% of their income toward gross rent. The sponsor provides extensive services to promote healthy and independent living for all residents.	construction will include a community building that will house on-site management, business center/computer lab, and a resident services coordination room. On-site service coordination will include bi-monthly health and nutrition education classes, semi-annual CPR training, computer training, job training, and weekly tutoring during school year.

d. Our proprietary fund model leads to a deeper understanding of each market. We underwrite every investment and visit every property. This helps us to better know and understand each of the markets, make better credit decisions, and gives us greater control over pricing. As of 2019, the LIHTC market totaled $17 billion and our presence increases the investor pool which can improve pricing, further stretching public subsidy as more equity can be put into a deal, lessening the requirement for subordinate debt, which can in turn be spread across more projects.

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 have learned two lessons from our in-depth involvement about managing credit and managing through transaction difficulties, which can be more prominent in rural markets.

   a. Sponsor and Credit Concerns: Not every property placed in service is a strong investment opportunity with appropriate credit risk profile for us. Rural developers tend be more locally oriented, have less net worth and liquidity, and less experience operating properties than national developers. We factor these risks into credit decisions.
   b. Transaction Difficulties: Transactions can be harder to close for developers in rural markets, even after a letter of intent has been signed. This reduces predictability when managing to annual targets. In 2019, we secured two investments, one serving members of a federal recognized Indian tribe, the other serving agricultural workers. Neither transaction completed for reasons outside of our control. On the former, the developer had to turn in tax credits after they determined the cost of rehab was more than anticipated, making the transaction infeasible. On the latter, the developer learned of set-aside requirements late in the deal timeline, causing a material reevaluation of the deal.

To address these issues, we perform in depth due diligence on each investment, and we work with experienced syndicators who partner with a range of strong local and regional developers and have built robust a pipeline of opportunities to select from.

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 Investments objectives in Section 3 of this document.