Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2019

LOAN PURCHASE

ACTIVITY:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A – Increase Loan Purchases from Small Financial Institutions Serving Rural Regions

SUMMARY OF RESULTS:

	Loan Count			UPB ($M)
Baseline	4,340			-
2019 Target	3,700-3,900			-
2019 Volume	4,611			$610
2019 Volume by AMI	≤ 50%: 775	> 50 - 80%: 2,244	> 80 - 100%: 1,592	

Freddie Mac exceeded our 2019 target for purchases of loans from rural small financial institutions (SFIs).

In total, we provided $610 million to fund 4,611 mortgage loans originated by SFIs in rural areas, surpassing our baseline by 6% (by volume) and the top of our target range by 18%.

Compared to 2018, we bought 771 more loans from SFIs in 2019, a 20% increase year-to-year. Of our total volume in this market, 5% more loans were for home purchases and 40% more were for refinances than in 2018. Declines in the first half of 2019 led us to modify our purchase targets. However, refinance activity nearly doubled in the second half of the year, erasing the year-to-year volume declines we experienced in the first half. Ultimately, we ended the year above our revised purchase targets, providing more liquidity to this market than expected. Nevertheless, the conditions that led us to modify our targets remain the same: The pool of eligible SFIs is shrinking, reducing our purchasing potential in this market.

Transaction Type	2018	2019	Year-to-Year Change
Purchase	2,185	2,301	5%
Refinance	1,655	2,310	40%
Total	**3,840**	**4,611**	**20%**

We drove purchase growth through outreach to our lenders in these areas and efforts to further influence lenders who were not active in these areas by educating them on how using our products and resources can help them grow their businesses. We also worked with our non-profit partners to increase their capacity to help more people in rural areas attain and sustain homeownership. In addition, several market factors helped push us beyond our targets. These included modest wage growth, continued low unemployment, slower house price growth, and, most significantly, lower interest rates. The shrinking pool of eligible SFIs will continue to affect our purchase volume in future years.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ 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:

☒ 50 – Substantial Impact
☐ 40
☐ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

IMPACT EXPLANATION:

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?**

Our purchase activity had a substantial impact on this market. Small financial institutions are critical sources of credit within rural communities but have limited or no access to the secondary market, which significantly constrains their ability to make mortgage loans.

Of our qualifying purchases from SFIs, 17% (by volume) benefited very low-income households; about half, low-income households. Also, 48% of the loans helped create first-time homebuyers.

Income to Median	Loan Count	UPB ($M)	Share of DTS-Qualified Loans from SFIs	% First-time Homebuyers
≤ 50% (very low income)	775	$71	17%	48%
> 50 - 80% (low income)	2,244	$286	49%	
> 80 - 100% (moderate income)	1,592	$253	35%	

Our success under this objective reflects our committed leadership and integrated approach to addressing this market's longstanding challenges.

- Rolled out product offerings and flexibilities based on industry feedback to address market needs, improve operational efficiencies, promote lender adoption, and responsibly support more borrowers.
- Refined appraisal guidance, worked with the Appraisal Institute to develop and deliver rural properties appraisal training, and provided on-line access to a previously developed course to help make rural appraisals easier.
- Gathered loan data and conducted research on loan performance to inform lending decisions as well as the design, enhancement, and delivery of market-relevant offerings; shared findings with the industry.
- Increased engagement with lenders, educating them on our offerings to promote adoption and usage; also enlarged the pool of lenders able to sell loans to us either directly or indirectly.
- Worked in partnership with trusted, well-positioned non-profit entities to increase their capacity to prepare people for sustainable homeownership; trained some organizations to originate and package loans for sale to the secondary mortgage market.
- Conducted extensive outreach, education, and marketing to raise awareness, understanding, and acceptance of our offerings and to facilitate a healthy lending ecosystem that drives more responsible affordable lending.

For more details, please read the narratives on our loan product and outreach objectives.

Because of our efforts:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- Housing organizations have more capacity to fulfill their missions.
- More people are prepared for responsible homeownership.
- The ecosystem works more effectively in helping people realize affordable homeownership.

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

Expanding SFIs' access to the secondary market increased liquidity in rural areas, but the SFI pool is shrinking. The population that formed our baseline in 2016 fell by 11% from 2016-2018, mainly through mergers and acquisitions. We expect the pool to contract by 4% each year for that reason through 2020.

Enhancements to our reporting infrastructure let us reflect volume from CDFIs, federally insured banks and credit unions, and other SFIs that sell loans to us directly or indirectly via an aggregator. We identified additional SFIs eligible to deliver through aggregators in 2019 but the volume they represent will not offset the declines.

SFIs needed more education on how our offerings could benefit their communities. Therefore, we took these actions, among others:

- Participated in 22 conferences related to rural lending, with 6,725 attendees.
- Held 18 webinars, with 585 attendees.
- Participated in a credit union network's roadshow, with 158 attendees.
- Provided targeted, relevant resources through our web site.
- Reached out directly to lenders.
- Approved five lenders as direct sellers, with two also serving as aggregators.
- Delivered rural appraisal training to underwriters and servicers.

Also, strategic partnerships are vital to preparing people for successful homeownership. Our support for trusted, well-positioned non-profit organizations allowed them train counselors on our offerings, certify counselors, and deliver education and counseling to more homebuyers and homeowners.

3. <u>Optional</u>: If applicable, why were all components of this objective not completed?

Not applicable

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

Quarterly Loan Purchase Narrative Reporting

FREDDIE MAC

RURAL HOUSING

Q1: JANUARY THROUGH MARCH 2019

LOAN PURCHASE

ACTIVITY:

Activity 3 – Financing by Small Financial Institutions of Rural Housing; Regulatory Activity.

OBJECTIVE:

Objective A: Increase Loan Purchases from Small Financial Institutions Serving Rural Regions.

SUMMARY OF RESULTS:

	Loan Count	UPB ($M)
Baseline	3,894	-
2019 Target	4,700-4,900	-
YTD 2019 Volume	926	$113

Freddie Mac helped small financial institutions in rural areas create homeownership opportunities for more households in first quarter 2019 than in the same period in 2018. Reduced refinance activity, however, led to a year-to-year decline in our total loan purchases from small financial institutions in rural areas. These results are preliminary and may change when we receive revised area median income files from FHFA. We expect our loan purchase volume to increase during 2019 through a combination of Freddie Mac's ongoing market engagement, seasonal homebuying patterns, and other market conditions.

In 1Q2019, Freddie Mac purchased 926 Duty to Serve-qualifying loans originated by small financial institutions in rural areas, providing $113 million in financing. We are on track to achieve our 2019 purchase volume target for this objective. To set the target, we first calculated the average number of income-qualifying loans purchased from 2014 to 2016 to establish a baseline of 3,894 loans annually. We then set a 2019 purchase target range of 4,700 to 4,900 loans—150 to 350 more loans than in 2018—to reflect our commitment to increasing support for small financial institutions in rural areas.

To provide perspective, we compared our 1Q results to the same period in 2018. With a significant drop in refinances, the total volume of rural area loans from small financial institutions contracted 11 percent, consistent with a 12 percent decrease in our overall single-family refinances. For broader context, the share of loans in our portfolio from small financial institutions on single-family owner-occupied homes in rural areas shrank by 5 basis points and the share of single-family refinance loans from small rural financial institutions dropped 12 basis points. Factors contributing to the decline include a year-to-year rise in interest rates and low supply of homes for sale. At the same time, though, we expanded our presence in this market through increased outreach and engagement with lenders and other market participants.

We are confident that our results will strengthen over the course of this year. As the traditional homebuying season begins, Freddie Mac's market forecast shows single-family mortgage originations increasing for the remainder of 2019; however, housing supply and home prices will continue to challenge the market. We also expect a slight decline in interest rates, which could boost mortgage activity overall. Also, we will continue to engage with stakeholders and our partners across the industry, promote our affordable mortgage products and offerings, and work to buy more loans from existing sources and identify additional sources. As a result, we will provide more liquidity and access to credit in rural areas through small financial institutions.

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):

Not applicable

Exhibit A:

Quarterly Loan Purchase Narrative Reporting

FREDDIE MAC

RURAL HOUSING

Q2: JANUARY THROUGH JUNE 2019

LOAN PURCHASE

ACTIVITY:

Activity 3: Financing by Small Financial Institutions of Rural Housing; Regulatory Activity

OBJECTIVE:

Objective A: Increase Loan Purchases from Small Financial Institutions Serving Rural Regions

SUMMARY OF RESULTS:

	Loan Count	UPB ($M)
Baseline	3,894	-
2019 Target	4,700 - 4,900	-
YTD 2019 Volume	2,271	$284

Freddie Mac continued to help small financial institutions in rural areas create homeownership opportunities for more households in the first half of 2019 than in the same period in 2018; however, at the end of second quarter 2019, our purchase volume under this objective was below our target run rate.

In the first half 2019, Freddie Mac purchased 2,271 Duty to Serve-qualifying loans originated by small financial institutions in rural areas, providing $284 million in financing. Purchase money volume increased from the same period in 2018 by 2 percent; however, refinances declined by 2 percent. The nominal increase in purchase money volume as compared to the same period in 2018 was insufficient to meet our increased 2019 loan purchase targets.

Despite the increased purchases stemming from our outreach efforts, the shrinking population of eligible institutions that have assets of less than $304 million since we first established the baseline and purchase targets for our activity to increase single-family loan purchases in high-needs rural regions has impacted our ability to meet the 2019 targets. Since we completed a snapshot of eligible lenders in 2016 to establish our baseline and targets, of the original 9,147 eligible lenders we identified, 1,030 lenders have increased in asset size or had been part of a merger and acquisition as of June 30, 2019. Of these 1,030 institutions, the majority were lost as a result of mergers and acquisitions and no longer report financial data. Consequently, we are unable to count loan purchase volume from lenders that were previously identified as eligible if the institutions' ownership changes during the Duty to Serve Plan period.

As stated in our Plan, we sought to enhance our reporting capabilities to reflect all lenders that meet the small financial institution definition. In 2018, we made investments to identify new purchase data information, which resulted in enhancements to our reporting infrastructure to effectively identify small originators in rural areas. This allowed us to begin reflecting purchase activity from small financial institutions selling loans to us via a Freddie Mac-approved seller/servicer (aggregator) as well as those delivered to Freddie Mac directly by small financial institutions. However, the number of institutions we have identified that sell via an aggregator has a minor impact on our total loan purchases under this objective; the volume being generated from only 67 additional lenders represents less than 1 percent of the total number of small financial institutions. As we review the current trend of loan volume being sold to Freddie Mac directly or indirectly, the addition of 67 lenders will not offset the declining population of eligible institutions. As a result, it is unlikely that we will meet the original targets established for 2019 and 2020 as the number of eligible institutions continues to shrink.

Because of the shrinking population of lenders from which we obtain eligible volume and our reporting enhancement that captures newly identified lenders delivering loans to Freddie Mac via an aggregator, we will modify our Plan this year to revise the baseline of income-qualifying loan volume and establish new purchase targets.

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):

See the explanation above.

Attach the data specified for Loan Purchase objectives in Section 3 of the Duty to Serve Reporting Requirements.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting

FREDDIE MAC

RURAL HOUSING

Q3: JANUARY THROUGH SEPTEMBER 2019

LOAN PURCHASE

ACTIVITY:

Activity 3: Financing by Small Financial Institutions of Rural Housing; Regulatory Activity

OBJECTIVE:

Objective A: Increase Loan Purchases from Small Financial Institutions Serving Rural Regions

SUMMARY OF RESULTS:

	Loan Count	UPB ($M)
Baseline	3,894	-
2019 Target	4,700 - 4,900	-
YTD 2019 Volume	3,117	$408

Freddie Mac has helped small financial institutions in rural areas create homeownership opportunities for more households in the first three quarters of 2019 than during the same period in 2018; however, we have purchased fewer loans under this objective than expected at this point in the year.

Through third quarter 2019, Freddie Mac purchased 3,117 Duty to Serve-qualifying loans originated by small financial institutions in rural areas, providing $408 million in financing. Loan purchase volume rebounded in the third quarter, spurred by falling interest rates and slower home price growth as well as our continued outreach efforts. Year-to-year declines that were experienced in the first half of 2019 have been reversed. In total, we purchased 6 percent more loans from small financial institutions in the first nine months of 2019 than during the same period in 2018; purchase money volume increased by 3 percent and refinance volume by 11 percent. Despite this progress, our current 2019 loan purchase targets under this objective most likely are out of reach.

We described the drivers behind the expected shortfall in detail in our second-quarter 2019 reporting and reiterated them in our proposed 2019 Duty to Serve Underserved Markets Plan modification, where we also proposed lowering our 2019 and 2020 targets accordingly. In short, applying the data file that FHFA provided earlier this year to promote consistency between the Enterprises significantly reduced the number of small financial institutions in rural areas eligible to sell loans to us—from 9,147 to 8,117. That universe continues to shrink as lenders either outgrow the $304 million asset limit or experience mergers and/or acquisitions and stop reporting financial data because of changes in ownership. Recent trends suggest that the number of eligible institutions could further contract by up to 10 percent a year. Although enhancements to our reporting infrastructure enabled us to identify another 67 small lenders eligible to sell us loans directly or indirectly through an aggregator, these institutions cannot generate enough loan volume to make up the difference; they represent less than 1 percent of the total number of small financial institutions.

Despite a challenging environment, Freddie Mac remains committed to providing liquidity to small financial institutions to help strengthen rural communities.

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):