Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

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*
2020 Target (lesser of)	*$300 MM*			*2*
2020 Volume	*$446 MM*			*2*
Incomes Targeted	*VLI units*	*LI units*	*MI units*	
	1,784	*2,632*	*2,959*	

In 2020, Freddie Mac substantially exceeded our target for the purchase/guarantee of seasoned small balance loans from Small Financial Institutions (SFIs) by 49% in UPB. Our success and substantial impact on the market resulted from several factors, including long-standing investment in our business and loan offerings, ability to leverage the capital markets to distribute risk away from taxpayers, access cost-effective capital at significant scale, and our ability to provide counter-cyclical support in a time of market disruption, as we saw in 2020 as a result of COVID-19.

Overall, we provided $743MM of liquidity to these institutions across 243 properties and 7,781 units, with 163 properties and 2,959 units being DTS-qualifying. 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.

Through the last three years, we provided $1.69 B in liquidity and achieve a cumulative impact of 10,400 units of seasoned small balance loans in 5-50 unit properties across 7 transactions.

	Year	Units	Volume	Transactions
	2018	1,936	$418 MM	1

	2019	5,505	$835 MM	4
	2020	2,959	$446 MM	2
Total		**10,400**	**$1.69 B**	**7**

One of our two transactions was with a federally insured depositories—First Foundation—while the other was with a Community Development Financial Institutions (CDFI)—California Community Reinvestment Corporation (CCRC). 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.

Both 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.

Our Seasoned SBL loan purchase volume in 2020 built upon our successes over the last three years, achieving a cumulative impact of $1.7B in liquidity across 7 transactions.

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 four 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 served different segments of the market with institutions of different sizes and types; (3) we served a substantial number of very low, low, and moderate income households, and (4) we made a profound social and economic impact to underserved populations.

a. Our transactions allowed SFIs to continue lending in support of small multifamily properties. This was especially important in 2020, when the market was heavily impacted by COVID-19. To account for associated market disruptions, we increased due diligence standards for transactions so we could continue to maintain our credit standards. This ensured our ability to provide liquidity via our Q deals for these SFIs and enabled them to find balance sheet relief, without which they would have been constrained from further lending.

b. We transacted with different types of SFIs—both depositories and CDFIs—demonstrating our effectiveness at serving this market and increasing impact.
   1. Depositories focus on small properties without regulatory programs—a critical part of the market for workforce and affordable housing that tends to stay affordable. First Foundation is a repeat customer, which demonstrates both the strength of our relationship management and the effectiveness of our offerings in providing liquidity.
   2. CDFIs focus 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 two transactions, we supported 3,660 DTS qualifying units (100% AMI). 1,784 of the units were affordable at very low-income levels (50% AMI), and 2,959 were affordable at 80% AMI. These properties were located across 19 different localities in California. 492 DTS qualifying units were in DTS high opportunity areas, with 166 of those units affordable at 50% AMI, 249 affordable between 50% and 80% AMI, and 306 affordable between 80% and 100% AMI.

d. Our deal with CCRC was the first Q-Deal to receive the Social Bond Designation, helping to establish a market for the types of executions and collateral that are high impact, tapping into growing demand for social impact investment vehicles and drawing greater attention to sponsors, such as CCRC, that would not typically have ready access to the capital markets. This deal served underserved populations such as individuals, families, and veterans experiencing homelessness, families with special needs, farmworkers, and low-income seniors.

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)

Freddie Mac has a long history of supporting the SFI market that taught us about market needs. We continue to evolve our business to address them, especially in light of market disruptions resulting from COVID-19.
Our activities this year continued to underscore two core lessons: (a) serving the SFI market requires multiple offerings for different size institutions and transactions, and (b) not all SFIs will find it in their interest to execute transactions with us. 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 transaction with First Foundation Bank was $553MM ($375MM applied to DTS units in 5-50 unit properties), while our seasoned pool securitization with CCRC was $189MM ($71MM applied to DTS units in 5-50 unit properties).

B. SFIs may not want to securitize because they value the returns they get from holding their loans on their portfolio. SFIs consider cost of capital to retain loans versus cost to hedge loan pools and securitization deal expenses 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. **Optional**: 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.