

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

PURCHASE

ACTIVITY:

3 - HUD Rental Assistance Demonstration Program: Regulatory Activity

OBJECTIVE:

A - Provide Liquidity and Stability Through RAD Loan Purchases

SUMMARY OF RESULTS:

	RAD Units	Properties
Baseline (2014-2016)	1,079	8
2020 Target (lesser of)	500	5
2020 Actual Volume	3,149	14
Incomes Targeted	As required by the RAD program	

In 2020, Freddie Mac had a very strong year supporting the RAD program. We exceeded our loan purchase targets for units and exceeded the target for properties. We did so by providing long term debt for renovation and preservation of units that were in need of substantial renovation. Through the volume of loans we purchased, we helped to improve properties that required extreme transformation. The 14 properties we supported in 2020 were predominantly located in Brooklyn, NY and El Paso, TX, with two others located in San Francisco, CA and Laredo, TX.

In our 2020 DTS Plan, we set our baseline based on our 3-year average from 2014-2016 and typical RAD conversion timelines we have observed, setting a target of the lesser of 5 properties or 500 units. We established our target recognizing the complexities of rebuilding and preserving public housing while aiming to provide a meaningful impact to the market. When our 2020 target was established, we based the number of units and properties on RAD conversion trends we had observed in the market and on our experience in the market. It can take up to 6 months or more for a property and developer to obtain RAD approval and secure financing, and construction can take up to 42 months, with the potential for 4 months to elapse between the approval date to completion of construction prior to any permanent debt being placed on the property. We did not anticipate seeing requests for forward commitments until 2018, with construction completion projected for late 2020 and 2021. Therefore, we established our 2020 target lower than the baseline.

Over the last three years, we achieved a cumulative impact of 6,383 units and 40 properties.

	Year	Units	Properties

	2018	1,161	11
	2019	2,073	15
	2020	3,149	14
Total		6,383	40

Our success came from deliberate focus on RAD since the inception of the program, working closely with HUD to adapt our loan offerings to work with RAD requirements, and building a strong pipeline of high impact projects. Supporting the RAD market goes beyond simply purchasing loans. These transactions can take years of effort and require strong partnership between housing authorities, developers, construction companies, construction lenders, permanent debt lenders, localities and Freddie Mac to help keep properties on track and complete the rehabilitations and place permanent Freddie Mac debt on the property.

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

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)

Our RAD loan purchases are essential as they provide long-term debt necessary to support the rehabilitation of public housing. We supported 3,149 units in 14 properties across three states in 2020, growing our cumulative impact in the RAD market substantially.

While San Francisco (and El Paso before it) were early adopters of large-scale RAD conversions, other cities have recently begun the rehabilitation process and have begun converting their units. Our success in San Francisco established a model for large-scale or wholesale RAD conversions that other cities were able to follow elsewhere, as exemplified through our work with the New York City Housing Authority (NYCHA). NYCHA took note of our ability to recapitalize properties and began their RAD conversion process, which led to the successful purchase of our PACT II Bundle in Brooklyn, NY this year.

The conversion of PACT II Bundle in Brooklyn, NY was the largest RAD conversion Freddie Mac has done in this state. In 2020, 9 of the 14 conversions we completed were part of the Brooklyn Bundle deal in NY. There are 9 pre-1950s properties and 2,625 units in total as part of this bundle, with properties ranging in size from 30 to 740 units per property. All properties receive federal rent, operating subsidies, or a combination of the two. The rehab will be fully tenant-in-place and the sponsors are providing hospitality suites to tenants while their units are being renovated. In total, there were 9 NYCHA Regulatory Agreements, 1 HDC Bond Regulatory Agreement and 5 RAD Use Agreements for all associated properties. A wide variety of improvements are being made to the 9 properties, including common area improvements, community facility improvements, security systems, building exterior improvements, complete renovation of residential unit interiors, replacement of building systems, and extensive electrical, mechanical and plumbing upgrades. Construction and rehabilitation began in January 2020 and is expected to conclude by January 2022.

Our impact was not limited to large-scale conversions. We were also able to support smaller RAD properties, such as a conversion in Laredo, TX. This demonstrates that we can work with properties of varying sizes, in markets across the country, whether or not they are undergoing large-scale RAD conversions.

Through our business process, we take a hands-on approach with each deal and each lender relationship in order to effectively apply our offerings, maximizing our impact across all markets. We actively work with lenders on their pipelines and hold regular lender calls, fostering strong and effective partnership and communication. We also offer borrowers great predictability due to our ability to hold our spread from quote to closing, a vital tool in every market, especially in uncertain times. Our RAD loan purchase volume in 2020 built upon our successes over the last three years, achieving extensive a cumulative impact of 6,383 units and 40 properties.

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)

Our work supporting RAD conversions in the past several years taught us how challenging these efforts can be. Projects in New York, Texas, and San Francisco required a deep commitment from multiple parties, including developers, the cities themselves, the construction lender and Freddie Mac to ensure that the rehabilitation could be completed and the properties could be converted.

Even with collaboration, properties took longer to complete than planned. San Francisco required at least one extension of the construction period before the property was ready for permanent debt. Challenges included construction delays, subsidy payments not received, and delays with receipt of property insurance. Further, RAD conversions often require multiple levels of financial support, from LIHTC equity, state/local subordinate debt, construction loans, and permanent debt from Freddie Mac. Support from HUD throughout the process is necessary, as HUD manages the program and the RAD contract process.

We built into our offering the ability to extend our commitment and pricing to provide greater certainty to borrowers, LIHTC equity investors, and construction lenders. We also worked closely with HUD on subordination

agreement terms and other procedural matters in advance to build a strong foundation for collaboration and reduce barriers to success on individual transactions.

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.