

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

PURCHASE

ACTIVITY:

9 - Support for Residential Economic Diversity: Additional Activity: Regulatory Activity

OBJECTIVE:

A - Purchase Loans on Properties that Support Residential Economic Diversity

SUMMARY OF RESULTS:

	Restricted Units	Properties
Baseline (2014-2016)	2,500	23
2020 Target (lesser of)	2,800	29
2020 Volume¹	3,866	39
Incomes Targeted	As required by rent restriction programs	

In 2020, Freddie Mac exceeded our annual targets for purchases of mortgages in High Opportunity Areas by 1,066 restricted units. Our success and substantial impact on the market resulted from long-standing investment in our business, innovative loan offerings, our ability to leverage the capital markets to distribute risk away from taxpayers and access cost-effective private investment 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.

In our 2020 DTS plan, we set our baseline based on our 3-year average from 2014-2016, and we ambitiously set our target over our baseline as the lesser of 2,800 units or 29 properties. While there are no reliable estimates of annual debt originations in this part of the Affordable Housing Preservation market because of inconsistent geographical definitions and LIHTC allocations, we have long been a significant source of capital in the market. Since 2014, we have seen wide variation in the properties and units between years in terms of loans purchased due to these market factors and dependencies. Our purchases for the last several years are detailed below:

	2014	2015	2016	2017	2018	2019	2020
Units	1,471	4,425	1,603	2,978	3,647	4,733	3,866
Properties	14	32	24	44	39	49	39

Because of this variability, we set our goals to ensure we could achieve a numerical measure of success without sacrificing market discipline. This is an important factor given that market challenges could limit opportunities to support affordable housing in high opportunity areas.

In 2020, we increased our loan purchases by number of units over several of the prior years while maintaining strong credit standards. Our 2020 loan purchases represent an increase of 55% over our baseline number of units, and 38% over our unit target.

Through the volume of loans that we purchased, the breadth and distribution of properties and borrowers we supported, our robust pipeline and the unique ability of our business model to attract private capital and distribute risk, and the counter-cyclical liquidity we provided, we had a substantial impact on affordable housing in high opportunity areas in 2020 to support more borrowers and serve more low-income residents.

We have also distributed risk away from Freddie Mac and the taxpayer by attracting private capital. In 2020, 77% of the loans on properties in high opportunity areas we purchased already underwent risk transfer or have risk transfer pending, while the remaining 23% await determination of the optimal risk transfer method.

(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)

Freddie Mac’s record purchase activity in 2020 had a substantial impact on residential economic diversity (RED) by providing significant liquidity that enabled the preservation of affordable housing for nearly 3,900 low- and moderate-income residents in high opportunity areas. This impact is further demonstrated by several additional factors, which are a direct result of the efforts of Freddie Mac, our OptigoSM lenders and the structure of our

market-leading credit risk transfer executions. 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 predictability due to our ability to hold our spread from quote to closing, a vital tool in every market, especially in uncertain times. Our RED loan purchase volume in 2020 built upon our successes over the last three years, achieving extensive a cumulative impact of 12,246 units and 127 properties. The value of counter-cyclical liquidity was especially apparent in 2020, as COVID-19 disrupted the market in a myriad of ways, from construction delays, closures of local recording offices, job losses and income reductions, and even changes to fundamental business practices such as property inspections. Through all of this we were able to provide vital liquidity to the market as other market participants exited in this time of crisis and uncertainty.

- a. We support high impact transactions. For example, Legends of Apple Valley is a 163-unit property in Apple Valley, MN, which has been designated in the state's LIHTC Qualified Allocation Plan (QAP) as a high opportunity area. Freddie Mac's loan purchase allows for the construction take out and recapitalization of this property, preserving it as affordable for the long term via LIHTC and a state and local program.
 - b. We leveraged state and local programs to support local priorities. Elms at Arcola is a refinanced property in Sterling, VA, a Loudon County submarket near the DC Metro Area that leveraged a state and local affordable program. 210 out of 248 units (85%) are low-income qualifying units. This area has grown substantially within the last decade and is located near the headquarters of several large major employers.
 - c. We support RED broadly according to both components of FHFA's definition for high opportunity areas: census tracts identified in certain states' LIHTC QAP and census tracts identified by HUD as Difficult Development Areas (DDAs). In 2020, we provided loans for 58 properties. 33 properties are in DDAs, 19 properties are in census tracts designated in qualifying QAPs, and 6 properties are in both QAP tracts and DDAs.
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 furthering RED through affordable housing in high opportunity areas. We learned that supporting RED requires both the preservation of existing affordable housing units and the creation of new units, in conjunction with state or local support. Over time we shifted our business accordingly serving both new and existing properties and we continue to evolve our business to address market needs, especially in light of market disruptions resulting from COVID-19.

In response to the pandemic, we adapted our practices to continue to provide liquidity despite changing market conditions. For example, we were able to adopt virtual inspections to reduce travel contact at properties, mitigating health risks for residents, property staff, lenders, and Freddie Mac employees.

We recognized the growing need to combine major public subsidies with state and local programs to close capital shortages. We streamlined our regulatory agreement analysis and refined our standard subordination agreement to make it more accessible to a growing population of localities providing support, and we worked closely with various localities and agencies on both programmatically and on individual transactions. In 2020, 91% of properties in high opportunity areas benefited from either a major public subsidy or a state and local program and 45% of properties received financing from both.

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.