

Exhibit G:

**Annual Loan Products Narrative Reporting Template**

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

LOAN PRODUCT

**ACTIVITY:**

7 – Financing of Energy or Water Efficiency Improvements on Single-Family Properties: Regulatory Activity

**OBJECTIVE:**

C – Facilitate Financing of Energy Efficiency Improvements and Energy Efficient Homes

**ACTIONS:**

Freddie Mac exceeded our goals under this objective in 2020. With additional GreenCHOICE Mortgages® flexibilities becoming effective, we made concerted efforts to promote the offering and provided learning opportunities, which drove market penetration and led to loan purchases. We achieved these results even as lenders appropriately shifted their focus to assisting customers struggling financially because of the coronavirus pandemic, implementing the GSEs' changes to servicing and origination policies, and maintaining service levels for the growing number of refinance customers.

2020 highlights:

- The GreenCHOICE Mortgages flexibilities that we introduced in our Seller/Servicer Guide in December 2019 became effective in February; they enhanced the offering that we rolled out broadly in the Guide in 2018 instead of conducting a limited pilot.
  - Allowed no cash-out refinance transactions to pay off outstanding debt previously incurred to make energy- and/or water-efficiency improvements
  - Added requirements for refinancing with Freddie Mac Home Possible®, HFA Advantage®, and HomeOne<sup>SM</sup> mortgages with loan-to-value ratios greater than 95% but no more than 97%
  - Added guidelines for using Appraisal Institute's Residential Green and Energy Efficient Addendum (AIRGEEA)
  - Provided options in lieu of an energy report when determining the cost effectiveness of solar panels
- In response to the pandemic, we introduced a temporary flexibility to accept a signed letter from the borrower as verification that work financed by GreenCHOICE was completed, instead of requiring an appraiser to submit our standard form.
- Freddie Mac offered and participated in numerous events for housing professionals to learn about our GreenCHOICE Mortgages, the product's benefits, and how to use it to increase affordable lending for energy-efficiency improvements.

Objective's components detailed in the Plan	Corresponding actions taken
<p>1. Issue a Seller/Servicer Guide update to implement product features tested under the pilot offering from years 1 and 2 or expand the pilot to at least five additional lenders. If we have not collected enough information to issue a Seller/Servicer Guide update, Freddie Mac will make updates to its pilot based on prior year's pilot performance and purchase an additional 100 to 300 loans to continue to inform product design.</p>	<p><b>Complete</b></p> <ul style="list-style-type: none"> <li>• Instead of following a pilot approach, introduced GreenCHOICE Mortgages as a Seller/Servicer Guide update in 2018, making the solution for financing energy- and/or water-efficiency improvements broadly available to all Freddie Mac sellers.</li> <li>• Rolled out additional product flexibilities in the Guide in December 2019, with an effective date of February 4, 2020. Because GreenCHOICE is a Guide offering, pilot expansion or additional loan purchases to inform a pilot is unnecessary. These flexibilities became effective: <ul style="list-style-type: none"> <li>○ No cash-out refinance solution to pay off outstanding debt previously incurred to make energy- and/or water-efficiency improvements</li> <li>○ Refinancing with Home Possible®, HFA Advantage®, and HomeOne<sup>SM</sup> mortgages with loan-to-value ratios greater than 95% no more than 97%</li> <li>○ Guidelines for using the AIRGEEA</li> <li>○ Options in lieu of an energy report when determining the cost effectiveness of solar panels</li> </ul> </li> <li>• In response to the pandemic, announced in our March 31 Guide Bulletin a temporary flexibility allowing the borrower to provide a signed letter confirming completion of energy-efficiency improvements in lieu of an appraiser completing our Form 442.</li> </ul>
<p>2. Continue lender training efforts, building upon or continuing outreach started on Year 2, to help lenders understand Freddie Mac's product flexibilities and encourage adoption of them.</p>	<p><b>Complete</b></p> <ul style="list-style-type: none"> <li>• Continued to execute our strategy for engaging with and educating lenders, promoting GreenCHOICE and its benefits for them and their customers.</li> <li>• Continued to provide learning opportunities for lenders. <ul style="list-style-type: none"> <li>○ GreenCHOICE Mortgages self-paced tutorial – 96 launches</li> <li>○ GreenCHOICE webinar – 38 attendees</li> <li>○ Customized GreenCHOICE presentations to national lenders interested in understanding the market for energy-efficient mortgages – 4 sessions</li> <li>○ Promotional item on training in the <a href="#">June issue</a> of our Single-Family Lender News publication, which is e-mailed to 7,600 customers and available on our Single-Family web site</li> </ul> </li> <li>• Presented on GreenCHOICE to about 100 lenders at the Duty to Serve session during our premier annual sales conference, FreddieMacCONNECT.</li> <li>• Presented on GreenCHOICE at conferences and other forums for industry professionals: <ul style="list-style-type: none"> <li>○ Association of Vermont Credit Unions</li> <li>○ EXIT Realty/HomeFree USA</li> <li>○ Florida Green Building Coalition</li> <li>○ Go Clean Energy Conference</li> <li>○ Greater Boston Association of Realtors Conference</li> <li>○ Illinois Association of Realtors</li> <li>○ National Association of Hispanic Real Estate Professionals (NAHREP) Conference</li> <li>○ North San Diego California Association of Realtors</li> <li>○ Residential Energy Services Network (RESNET) 2020 Conference</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ U.S. Department of Energy Building Energy Modeling stakeholder meeting</li> <li>● The Appraisal Institute continued to deliver the course developed in collaboration with Freddie Mac to educate appraisers on the use of its AIRGEEA in the appraisal process.</li> <li>● Because of the pandemic and historically high refinance volume, lenders shifted their focus from specific offerings and programs to broader mortgage industry issues. Standard training across the board was down; most industry training focused on how to keep lenders' business moving forward in the current environment.</li> </ul>
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**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

**PARTIAL CREDIT JUSTIFICATION:**

Not applicable

**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 in laying the foundation for future impact in addressing underserved market needs?**

Freddie Mac's actions under this objective made a substantial impact on the market, with our product enhancements and outreach efforts resulting in more people financing energy-efficiency improvements with GreenCHOICE and increasing their homes' affordability; the rise in lending also boosted liquidity in this market. On average, 51% of a household's energy usage goes for heating and cooling, with another 20% for water heating. About 80% of U.S. homes are 20+ years old and may benefit from energy-efficiency improvements. Based on our research, an energy-efficient home not only lowers utility costs and increases home affordability

while the borrower owns the home, but also sells for a higher price than one that is not energy efficient. But most energy-efficiency renovations are financed with unsecured or secondary debt, with higher interest rates and shorter terms than mortgage financing, resulting in higher monthly payments.

The policy updates that became effective in 2020 help homeowners benefit from today’s historically low interest rates. Homeowners may refinance with GreenCHOICE to pay off outstanding debt previously incurred at higher rates to make energy--efficiency improvements; this includes refinancing loans with loan-to-value ratios greater than 95% but no more than 97%. The update that gives borrowers options for how to verify cost effectiveness of solar panels also helps save money, and time. Also, the flexibility we introduced in response to the pandemic—accepting a letter from the borrower confirming completion of improvements versus requiring an appraiser’s verification—help borrowers meet required timelines. Plus, with appraisers starting to use the AIRGEEA, we will collect loan-level data that give more insight into borrowers, energy-efficient home values, and loan performance. In turn, the data will give lenders more confidence to finance energy-efficiency improvements.

These benefits expand on the advantages that GreenCHOICE offered from the start. Lenders gained options for financing energy-efficiency improvements and could lower their risk and increase liquidity by selling loans to us before improvements are completed. For borrowers, GreenCHOICE saves money and time:

- Streamlines financing for home improvements that lead to utility cost savings
- Allows a single closing on renovations and home purchase or refinance
- May be combined with Freddie Mac’s low down payment mortgage solutions
- Requires an energy report only if aggregate costs of improvements exceed \$6,500

Our continuing work to engage and educate the industry on GreenCHOICE resulted in a significant number of loan purchases. The improvement financed most was solar panel installation. Nearly all loans were refinances to pay off existing debt previously incurred to make energy-efficient improvements.

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

We learned that interest in sustainability seems to be nearing a tipping point in the United States, with a growing number of lenders seeking to participate in this movement or starting to consider it. We saw this momentum in the relatively quick uptake of our GreenCHOICE Mortgages and attendance at learning events for industry professionals that we either offered or participated in. These results underscore the benefit of rolling out GreenCHOICE widely versus conducting a pilot. We will continue to engage with industry stakeholders to further spur awareness, adoption, and usage of GreenCHOICE.

We also learned that the streamlined process seems to make GreenCHOICE more popular with lenders than other renovation mortgage products. All Freddie Mac-approved lenders may offer GreenCHOICE loans. They may sell them to us without recourse before improvements are completed and a special custodial account is not required. These features make GreenCHOICE Mortgages easier for lenders to adopt and manage, lower lenders’ risk, and increase market liquidity.

The streamlined process also appeals to borrowers. The aggregate cost of home improvements financed often were kept to no more than \$6,500, avoiding the need for an energy audit or report. Solar panels were the most popular improvement financed; even if installing them costs more than \$6,500, Freddie Mac does not require an energy audit if the borrower can prove that the resulting utility cost savings will exceed the installation costs.

**3. Optional: If applicable, why were all components of this objective not completed?**

Not applicable



Exhibit C:

**Second Quarter Loan Products Narrative Reporting Template**

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

Q2: JANUARY-JUNE 2020

LOAN PRODUCT

**ACTIVITY:**

7 - Financing of Energy or Water Efficiency Improvements on Single-Family Properties: Regulatory Activity

**OBJECTIVE:**

C - Facilitate Financing of Energy Efficiency Improvements and Energy Efficient Homes

**ACTIONS:**

Freddie Mac made progress under this objective in the first two quarters of this year by continuing to support broad adoption of and training on our GreenCHOICE Mortgages® offering.

In the first half of 2020:

- The GreenCHOICE Mortgages flexibilities that we introduced last December in our Seller/Servicer Guide became effective in February; they enhanced the offering that we rolled out broadly in the Guide in 2018 instead of conducting a limited pilot.
- We continued to offer various opportunities for lenders and other housing professionals to learn about our GreenCHOICE Mortgages, how to use it to increase affordable lending for energy-efficiency improvements, and the product’s benefits. Although lenders took advantage of the training, participation has declined as lenders appropriately have shifted their focus to assisting customers who have been adversely affected by the coronavirus pandemic, implementing the GSEs’ changes to servicing and origination policies, and maintaining service levels for the growing number of refinance customers.

Action	2020 Achievements through Q2
<p>1) Issue a Seller/Servicer Guide update to implement product features tested under the pilot offering from years 1 and 2 or expand the pilot to at least five additional lenders. If we have not collected enough information to issue a Seller/Servicer Guide update, Freddie Mac will make updates to its pilot based on prior year’s pilot performance and purchase an additional 100 to 300 loans to continue to inform product design.</p>	<p><b>Complete</b></p> <ul style="list-style-type: none"> <li>• Instead of following a pilot approach, introduced GreenCHOICE Mortgages as a Seller/Servicer Guide update in 2018, making the solution for financing energy- and/or water-efficiency improvements broadly available to all Freddie Mac-approved lenders to maximize benefits to the market.</li> <li>• As described in our 2019 annual reporting, based on our energy-efficiency research, rolled out additional product flexibilities in the Guide in December 2019, with an effective date of February 4, 2020. Because GreenCHOICE is a Guide offering, pilot expansion or additional loan purchases to inform a pilot is unnecessary.</li> <li>• Experienced initial lender adoption of the latest flexibilities.</li> </ul>

<p>2) Continue lender training efforts, building upon or continuing outreach started on Year 2, to help lenders understand Freddie Mac’s product flexibilities and encourage adoption of them.</p>	<p><b>In progress</b></p> <ul style="list-style-type: none"> <li>• Continued to offer various learning opportunities for our lenders.             <ul style="list-style-type: none"> <li>○ GreenCHOICE Mortgages self-paced tutorial</li> <li>○ Series of short educational videos</li> <li>○ Custom training sessions</li> </ul> </li> <li>• Continued to educate other industry professionals on our offerings.             <ul style="list-style-type: none"> <li>○ Delivered a series of webinars on GreenCHOICE Mortgages as part of an education series for real estate professionals. Members of five trade organizations helped plan and attended the session:                 <ul style="list-style-type: none"> <li>▪ Asian Real Estate Association of America</li> <li>▪ National Association of Gay and Lesbian Real Estate Professionals</li> <li>▪ National Association of Hispanic Real Estate Professionals</li> <li>▪ National Association of Real Estate Brokers</li> <li>▪ Veterans Association of Real Estate Professionals</li> </ul> </li> <li>○ Presented on our energy-efficiency research findings and GreenCHOICE Mortgages at the RESNET 2020 conference.</li> <li>○ Appraisal Institute continued to deliver the course developed in collaboration with Freddie Mac to educate appraisers on the use of its Residential Green and Energy Efficient Addendum (AIRGEEA) in the appraisal process.</li> </ul> </li> <li>• Because of the pandemic and unexpectedly high refinance volume, lenders shifted their focus from specific offerings and programs to broader mortgage industry issues. Standard training across the board was down; industry training focused on how to keep lenders’ business moving forward in the current environment.</li> </ul>
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**SELF-ASSESSMENT RATING OF PROGRESS:**

- 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