

Exhibit F:

**Annual Investments Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

2021

INVESTMENT

**ACTIVITY:**

4 - Small Multifamily Rental Properties in Rural Areas: Regulatory Activity

**OBJECTIVE:**

D - Engage in LIHTC Equity Investment in All Rural in 5- to 50-unit Properties

**SUMMARY OF RESULTS:**

	<i>LIHTC Units</i>			<i>Transactions</i>
<b>Baseline (2017-2019)</b>	239			6
<b>2021 Target</b>	N/A			7
<b>2021 Volume</b>	240			7
<b>Incomes Targeted</b>	<i>VLI units (0-50% AMI)</i>	<i>LI units (0-80% AMI)</i>	<i>MI units (0-100%AMI)</i>	
<b>Units</b>	84	240	240	

In 2021, Freddie Mac met our target of seven Small Multifamily Rental Property (5-50 units) investments in rural areas, supporting 240 rural units. We invested \$46.1 million across those investments in five different states, including three properties in Middle Appalachia and two in the rural Lower Mississippi Delta. Combined, these properties supported 156 households making 60% AMI or less, and 84 households making 50% AMI or less. We did all of this in a year of continued market disruption due to COVID-19. After decreasing their activity in 2020 due to the pandemic, banks re-entered the market in 2021. Although their renewed involvement helped stabilize the market, we still faced several headwinds in 2021. The most notable challenges stemmed from delays with government debt, high lumber prices, and General Contractors' difficulty finding contractors/labor. Overall, construction prices remained the greatest hurdle.

**SELF-ASSESSMENT RATING OF PROGRESS:**

Select the category that best describes your 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?

There are four primary ways that our investments have had a direct and substantial impact on the rural market: (1) we provided stability to the market; (2) the investments had a large impact on the specific communities; (3) our relationships with our lenders and syndicators have led to an instrumental cumulative impact over time. These four measures were especially important in 2021 as construction costs continue to rise dramatically and labor was in short supply. The obstacles facing rural markets is exacerbated for small properties, which are more difficult to find due to their diminished economies of scale.

1. Our impact in individual markets as a result of our investments is clear when reviewing specific investments. The two examples below highlight the positive impacts these investments made in the market.
2. Prior to the start of this DTS plan cycle, we had no LIHTC investments in rural markets. We recognized investment opportunity results from a relationship-driven business. Growing and maintaining a strong client base is important for syndicators. Often individual transactions can beget more transactions, spreading the impact over time as relationships deepen. Due to our consistent outreach and relationship management, our syndicators now know the markets better, have closer relationships with us and rural developers, and are able to increase investment as a result. Our investments in the LIHTC rural market have steadily increased over the last three years, demonstrating a profound cumulative impact in the market.

<b>Property</b>	Geneseo Townhomes	Jackson Village
<b>Region</b>	Geneseo, IL (pop. 6,600)	Marion, AL (pop. 3,300)
<b>Units</b>	40	42
<b>Details</b>	Geneseo Townhomes is the new construction of a 40-unit townhome	Jackson Village consists of 42 units within four two-story townhouse

	<p>style, multifamily development located in Geneseo, Illinois. 7 units have a soft set-aside as Statewide Referral Network (SRN) units. These SRN units are targeted for households earning at or below 30% of AMI with a head of household who has a disability or illness, including, but not limited to, a physical, developmental or mental limitation, substance abuse disorder, HIV/AIDS, or is homeless or at risk of homelessness.</p>	<p>buildings and one single-story garden style building. The financed rehab improvements include a single-story community building. Three units will be available to households including persons with disabilities and/or homeless individuals. Further, supportive Services will be provided by Sowing Seeds of Hope, Inc. and the Community Service Programs of West Alabama, Inc., two non-profit organizations. Services will include arts and crafts, holiday festivities, newsletter, computer resource room, movie night and tenant activities.</p>
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2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

With lives and livelihoods disrupted by the pandemic and its economic fallout, the importance of safe, decent affordable housing—and financing to preserve it—was especially apparent as residents nationwide had to spend more time at home, as school children had to take classes from home, and as jobs were lost and incomes reduced.

We have learned that, even with the strongest, most experienced developers, there is a need for government financing/subsidy, which causes delays in the closing process. These markets need government assistance because they may not get outside investment due to smaller deal sizes and less economic vitality, resulting in lower rental income and greater difficulty maintaining the property. The small market size makes it more challenging for the General Contractors to find labor. Labor shortages can delay projects, or even prevent them from moving forward at all. Small properties in rural markets were among the worst impacted due to labor shortages and lower investment levels overall. These factors, along with higher construction costs in general, also contributed to numerous delays.

Transactions can be harder to close for developers in rural markets even after a letter of intent has been signed. This was exacerbated by COVID-19, which affected transactions in a myriad of ways. As we discovered the potential impacts from COVID on deal closing delays, we proactively increased our rural deal originations so we would increase certainty of exceeding our target at year-end. Through our increased outreach efforts and due diligence, we invested in five 5-50 unit properties in high-needs regions and one serving high-needs populations in 2021.

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

Not applicable.

*Attach the data specified for Investments objectives in Section 3 of this document.*