

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018

LOAN PRODUCT

ACTIVITY:

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

OBJECTIVE:

Objective C: Facilitate Financing of Energy Efficiency Improvements and Energy Efficient Homes.

ACTIONS:

We exceeded our goals for this objective by incorporating product features that were originally scheduled to be tested through a pilot into a Guide offering available to all lenders. Although we faced challenges in purchasing loans to inform our product design, we still achieved our goals by using insights from loan data acquired through our market partnerships in our product design. Our product design incorporated market feedback and, notably, feedback from our Energy Efficiency Task Force. Finally, our efforts led to increased lender awareness and overwhelmingly positive press coverage about our GreenCHOICE Mortgages offering.

2018 highlights:

- *Based on our market research, we created a product offering based on energy efficiency mortgage characteristics that have proven successful and address market challenges in the appraisal process that prevent the appraised value from reflecting the value of energy-efficiency improvements.*
- *To maximize market impact, we made the new offering available to all Freddie Mac-approved lenders instead of through a limited pilot.*
- *To inform our product design, we conducted outreach to lenders active in the energy-efficiency market with the goal of buying pools of seasoned loans secured by energy-efficient properties.*
- *Given market challenges in identifying seasoned loans to purchase, we collaborated with a solar panel financing company to obtain performance data from their portfolio, which informed our product design and met our goals to gain insights for our product development from loan data.*
- *Throughout the year, we conducted outreach with key industry stakeholders and our Energy Efficiency Task Force, includes organizations such as the National Association of State Energy Officials, the Institute for Market Transformation, Earth Advantage, the Department of Energy, Energy Sense Finance, the HELIX project team, the EMPRESS project team, Green MLS, and the Solar Energy Industry Association to provide feedback on product design.*
- *We developed strategic alliances with organizations such as the Rocky Mountain Institute, RESNET, the Institute for Market Transformation and the Department of Energy to increase our understanding of the market and to design solutions to market needs.*

GreenCHOICE Mortgage expands our support for financing of energy efficiency improvements, incorporates the product features we originally planned to test through a pilot into a Guide offering, and provides economic incentives for lenders to adopt the offering by providing a \$500 credit in Credit Fees for each loan delivered.

Our actions impact this market because they provide an offering to finance energy efficiency improvements to all Freddie Mac approved lenders and allows for this offering to be used in combination with many of our other Guide offerings including our Home Possible offering to help first time home buyers and low- and moderate-income borrowers.

Activity	2018 Actions
<p>1. Issue a Guide bulletin update to lenders focusing on updated guidance on collateral valuation and use of energy audits.</p>	<ul style="list-style-type: none"> • We published an offering available to all Freddie Mac-approved lenders. GreenCHOICE Mortgages^{SM1}, which provides broader financing options for homebuyers and homeowners looking to increase their home’s energy efficiency and reduce utility costs through energy-efficient improvements and repairs. GreenCHOICE Mortgages offer flexibilities for financing energy- and water-efficiency improvements through either a “no-cash out” refinance or purchase transaction. The offering may be used with most of our mortgage products, including low down payment Home Possible® mortgages. The loan may close before the improvements are done; the borrower has up to 180 days after the close to complete them. To provide loan-to-value flexibility, proceeds of a no-cash out transaction—up to 15 percent of the “as completed” value—may go toward financing the energy-efficiency improvements. • Our offering was designed to address the following challenges, prioritized based on our research and market feedback: <ul style="list-style-type: none"> ○ Homeowners lack information to determine cost-effective energy improvements that involve a higher upfront investment. In response, we require home energy audits, which assists homeowners in sorting through the complex decision-making process of determining which improvements are cost effective. However, recognizing the added costs energy audits represent, we decided to not require energy audits on energy improvements that entail lower than \$6,500 upfront investments and, instead, provided a list of eligible improvements under the product to guide lenders; ○ For newly constructed homes, energy-efficiency features are typically already built into the purchase price and supported by appraisals. To strengthen the impact of our product, we focused on providing a solution for homebuyers seeking to purchase existing inventory with the intention to finance improvements through their mortgage and homebuyers looking to tap into their home equity to finance improvements. ○ Homebuyers looking to refinance existing mortgages to add the cost of energy-efficiency improvements into the loan balance are typically limited to cash-out transactions, which typically have more restrictive LTV requirements. In response, we provided a no-cash out refinance option, which provides higher LTV ratio requirements, and allow proceeds up to 15% of the “as completed” appraised value of the property to finance energy efficiency improvements. ○ Lender adoption of niche energy-efficiency mortgage products, unless flexible enough to be used in combination with other mortgage products, is limited. In response, we created an offering that can be used in combination with most of our standard mortgage products.
<p>2. Purchase 25 to 75 loans to further inform product design:</p> <p>a. Design at least one pilot program to purchase loans used to finance energy efficiency improvements or the purchase of high efficiency homes. The pilot will focus on developing flexibilities to meet debt-to-income requirements, addressing high costs of energy audits, and flexible Loan-to-Value requirements. We will</p>	<ul style="list-style-type: none"> • We included the flexibilities we had planned to test via pilots into our GreenCHOICE Mortgages offering. Specifically, we included flexibilities on Loan-to-Value requirements and addressed by high-cost of energy audits through a seller’s credit of \$500 to help offset costs. • We conducted outreach to market participants to identify opportunities to purchase seasoned loans through bulk purchases. Through this outreach, we concluded that lenders’ interest in the energy efficiency market was limited due to limited consumer demand for mortgage products to finance energy-efficiency improvements. Additionally, we found that lenders who were supporting energy efficiency improvements were meeting the limited consumer demand with non-conforming mortgage products or

¹ http://www.freddiemac.com/singlefamily/factsheets/sell/energy_efficient_properties.html

<p>conduct this pilot in partnership with at least three lenders including but not limited to regional and community lenders. The pilot will test operational execution and market acceptance of product features we are considering adding to our Seller/Service Guide in future years. We will use the pilot to also fine tune product features under the pilot offering. Additionally, we plan to use the pilot to obtain information that can later be used to design loan purchase metrics.</p> <p>b. Survey the market including lenders, state and local energy efficiency financial institutions and/or other financing organizations to identify seasoned loan pools that Freddie Mac could purchase, on a negotiated basis, through at least one bulk portfolio transaction.</p>	<p>unsecured financing options. Additionally, lenders indicated that they do not systematically track loans secured by energy efficiency properties. Accordingly, we were unable to identify pools of seasoned loans secured by energy efficient properties to purchase.</p> <ul style="list-style-type: none"> • To meet our objective to inform our product design through loan information, instead of getting loan information from loan purchases, we collaborated with a California-based solar panel financing company to obtain performance data and customer characteristics from their portfolio, which allowed us to inform our product design and meet this objective given we were able to access the same level of insight we were hoping to get through seasoned purchases.
<p>3. Convene at least three working sessions with our Energy Efficiency Task Force to get their feedback on our product design efforts, discuss pilot results as we go, and obtain their feedback on lender training curriculum we will develop.</p>	<ul style="list-style-type: none"> • Hosted three working sessions with our Energy Efficiency Task Force to gain insights into the market challenges we should address through our product and to identify possible solutions. • Used feedback obtained into our product development and training resources.
<p>4. Conduct comprehensive lender training and marketing campaigns to:</p> <p>a. increase lender awareness about Freddie Mac's product flexibilities to finance energy efficiency retrofits and high-efficiency homes. We plan to update our training curriculums as we develop new and updated product flexibilities, and</p> <p>b. use training sessions as a vehicle to obtain product related feedback to be incorporated into future product enhancements.</p>	<ul style="list-style-type: none"> • Increased awareness of Freddie Mac products and commitment to this market through marketing which included blog posts, market presentations, and outreach to lenders. Our actions resulted in increased awareness about our products and positive press coverage. • Published lender resources available in our customer education page. • Collaborated with the Appraisal Institute to ensure appraisal training is available for appraisers to ensure our product requirements are well understood by market participants. Collateral valuation and understanding the nuances of the appraisal process for energy efficient properties will help address a key market need.

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

PARTIAL CREDIT JUSTIFICATION:

If the self-assessment above indicated that the objective was partially completed, briefly explain the basis for the share of the objective that was completed. In the explanation, include a discussion of the level of effort expended for the completed actions compared to the level of effort required to complete the entire objective.

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

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 laying the foundation for future impact in addressing underserved market needs? (Character limit: 3,000 characters, including spaces)

Our GreenChoice Mortgage offering will have a significant direct impact on the market. It provides lenders access to the secondary market for financing of energy efficiency improvements, which creates liquidity targeted toward growing this market. It also creates an alternative to unsecured and/or short-term financing, which can be more costly to borrowers. We have provided borrowers with guidance on eligible improvements and eliminated barriers like the energy audit for smaller improvements; GreenCHOICE Mortgages allows for the financing of basic energy-efficiency improvements up to \$6,500 (versus \$3,500) without an energy audit. To encourage adoption and use of our offering, we give a \$500 credit to lenders that offsets credit fees. We've also marketed it broadly. Exceeding our Plan, we rolled this offering out in the Guide- making it available to all lenders – instead of through a pilot program. Finally, an indirect impact on our work to develop this offering is that we have developed relationships with stakeholders in the industry, which will support refinement of our offering and development of other work.

2. Optional: How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation. (Character limit: 1,500 characters, including spaces)

By incorporating product features that were originally scheduled to be tested through a pilot into a Guide offering available to all lenders we are ahead of our scheduled actions. This will allow us to analyze any purchases made under GreenCHOICE Mortgages earlier than planned and use our analysis to refine the product further in future years of our plan.

3. Optional: Are there any market factors that adversely impacted the actions under this objective? If so, describe. (Character limit: 3,000 characters, including spaces)

Lenders told us that they currently have limited interest in financing energy-efficiency improvements, which is driven by lack of demand from homebuyers and homeowners. We understand that the lack of demand is because the real value and benefit of the improvements may be unclear and homeowners and buyers tend to default to unsecured lending given its speed to close. Also, lenders who support energy-efficiency improvements offer financing options with mortgage products not specifically aimed at energy efficiency. In addition, lenders stated that they do not systematically track loans secured by energy-efficient properties. Because of this, we were unable to buy pools of seasoned loans to gather data that would inform product design. Fortunately, we were able to creatively develop an alternative approach and, through our market partnerships, obtain sufficient data to develop our GreenCHOICE mortgages offering. Nevertheless, completing this objective was more difficult than anticipated given these challenges. The lack of data and understanding of the benefits of energy efficiency present real obstacles to broader adoption of mortgage financing energy efficiency improvements as a means of promoting and preserving sustainable, affordable homeownership. Our efforts to develop valuation guidelines and data collection requirements as part of our Duty to Serve (Affordable Housing Preservation Activity 7, Objective B) will contribute to overcoming these challenges.

4. **Optional:** How did the actions under this objective contribute to increased or future loan purchases for the underserved market? (Character limit: 1,500 characters, including spaces)

In carrying out this objective, we gained essential insights and collected information that has led to and will continue to generate innovative market solutions that will help us finetune our product offerings and lead to additional liquidity in the market. By fully launching the product instead of conducting a pilot, we made its benefits available to all eligible lenders, homebuyers, and homeowners nationwide, rather than to a select group. Our new product in combination with our continued engagement with this market will increase the opportunity to purchase mortgages to finance energy and water efficiency improvements.

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

Exhibit C:
Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 Q2: JANUARY THROUGH JUNE 2018
 LOAN PRODUCT

ACTIVITY:

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

OBJECTIVE:

Objective C: Facilitate Financing of Energy Efficiency Improvements and Energy Efficient Homes.

ACTIONS:

During the first half of 2018, Freddie Mac has been focused on understanding technical barriers to financing energy efficiency improvements. Specifically, we have been developing collateral valuation guidelines for lenders in order to streamline financing of energy-efficiency improvements and identifying product features and flexibilities that we can incorporate in our product design efforts.

As an initial step, we are designing a pilot program to purchase loans to help further inform our product design. We assigned an Investor Feature Identifier Code, as part of our initiative to design data collection and valuation requirements for energy efficiency improvements, to identify loan-level data for energy-efficient retrofits, improvements on high energy-efficient home mortgages, which allows us to further test operational execution for lenders and help with tailoring underwriting flexibilities.

During the second half of 2018, Freddie Mac will identify and define policy changes to update guidance on collateral valuation and use of energy audits. We will conclude our market survey effort to identify seasoned loan pools and purchase through one bulk portfolio transaction, which will help further inform our product design. Freddie Mac will convene the Energy Efficiency Task Force to obtain feedback on our product design efforts and serve as an open-dialogue to the comprehensive lender curriculum training that we will be developing. We will continue pursuing and expanding industry outreach through lender training and marketing campaigns to keep market abreast of Freddie Mac’s product enhancements.

Activity	Action Reference – Activity 7; Objective C	Status
Issue a Guide bulletin update to lenders on collateral valuation and use of energy audits.	Action 1	<i>In Progress</i>
Purchase 25 to 75 loans to inform pilot design.	Action 2	<i>In Progress</i> <ul style="list-style-type: none"> • <i>Design pilot program to purchase loans with three lenders</i> • <i>Survey lenders to identify seasoned loan pools, through one bulk portfolio transaction</i>
Convene three working sessions with Energy Efficiency Task Force - obtain feedback on our product design efforts, pilot results and lender training curriculum.	Action 3	<i>In Progress</i>
Comprehensive lender training and marketing campaign.	Action 4	<i>In Progress</i>

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the reporting period.

- 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):

If the Enterprise is not on target to meet or exceed the objective, briefly explain why. (Character limit: 1,000 characters, including spaces)