

Exhibit G:

Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2019

LOAN PRODUCT

ACTIVITY:

8 – Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

A – Develop Product Flexibilities and Guidelines that Facilitate New Mortgage Originations Under Shared Equity Programs

ACTIONS:

Freddie Mac substantially completed our 2019 goals under this objective by designing product flexibilities that facilitate financing shared equity homeownership opportunities and conducting extensive outreach to lenders and shared equity program providers.

2019 highlights:

- We announced new and revised flexibilities for mortgages secured by income-based resale restricted properties that expanded our support for financing homes that are part of shared equity programs.
- We worked with lenders to promote adoption of our shared equity homeownership product offering and helped program providers identify new lender partnerships.
- We drafted new and revised policies to support the market and then obtained feedback from market participants, in collaboration with Grounded Solutions Network and lenders. Based on the feedback, we updated the draft policies to enhance requirements related to the program provider’s right-of-first-refusal program, remove shared appreciation limits, and clarify requirements related to reimbursing borrowers for costs of capital improvements upon resales.

Objective’s components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
<p>1. Provide FHFA with a comprehensive operational execution and market acceptance assessment of underwriting requirements, product capabilities and uniform legal documents introduced via pilots in Year 1.</p>	<p>Partially complete</p> <ul style="list-style-type: none"> • Collaborated with Grounded Solutions Network to collect market feedback on underwriting flexibilities and uniform legal documents introduced in the Seller/Service Guide in Year 1. • Worked with Grounded Solutions Network to identify lenders to approach to promote Freddie Mac product implementation. 	<p>Freddie Mac generated lender interest in the shared equity homeownership market. However, lenders were slow to implement our products and have not used the uniform legal documents introduced in Year 1 yet. We plan to continue working with lenders on implementation and gather their feedback in 2020. A comprehensive assessment is delayed due to slower-</p>

		than-anticipated lender implementation.
<p>2. Issue new Seller/Servicer Guide underwriting requirements and collateral valuation guidelines, for loans made under Duty to Serve-eligible deed-restricted programs. These guidelines will build upon our existing requirements the requirements developed and piloted in Year 1, the operational execution and market acceptance assessment described above and the results of our analysis of loans purchased under Objective B. While Freddie Mac will focus on supporting programs as they are currently designed in Year 1, during Year 2, Freddie Mac will also focus on advising a variety of programs on how to restructure their programs, so they better align with the new product features and underwriting guidelines we plan to introduce. This effort will help program standardization which, in turn, should help encourage lender adoption.</p>	<p>Complete</p> <ul style="list-style-type: none"> • Announced new and revised flexibilities for mortgages secured by income-based resale restricted properties and for affordable seconds used to subsidize properties with income-based resale restrictions on November 6. • Collaborated with staff from the San Francisco Below Market Rate Homeownership program and Grounded Solutions Network to design the announced underwriting requirements and to promote standardization across programs. 	
<p>3. Design uniform legal documents and make them available to lenders in the Seller/Servicer Guide. These will be focused on supporting the origination of loans under Duty to Serve-eligible community land trust programs and developed based on the results of the pilot conducted in Year 1.</p>	<p>Complete</p> <ul style="list-style-type: none"> • Completed in Year 1. 	

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:

The shared equity homeownership market is very small, in terms of production opportunity, and the transactions are complex, given the resale restrictions; therefore, lender implementation of our product has been slower than expected. As a result, we could not complete the comprehensive operational execution and market acceptance assessment of underwriting requirements, product capabilities, and uniform legal documents in 2019. A useful assessment relies on lenders' implementation of our product offering. Once lender participation increases, their feedback can inform future decisions on process and policy.

Our work under this objective primarily focused on two efforts:

- Designing new underwriting requirements that facilitate financing of properties tied to Duty to Serve-eligible deed-restricted programs, which we rolled out in a Seller/Servicer Guide Bulletin in November
- Conducting significant outreach to lenders and shared equity program providers to support lender adoption of our new products

We collaborated with Grounded Solutions Network to inform our product design and gathered feedback from key players in the shared equity homeownership market, such as the Florida Housing Coalition, the San Francisco Below Market Rate Homeownership program, Champlain Housing Trust, Proud Ground, and Hello Housing.

We conducted outreach to 10 lenders representing regional, community, and larger institutions to inform our production implementation strategy. In addition to outreach efforts, we worked on policy development, system impact assessments, operational assessments, marketing and communications, external feedback gathering, and internal and regulatory approvals. In addition, we conducted monthly discussions with our Sales staff, two live webinars for lenders, one live webinar for shared equity providers. We also posted a product matrix, product reminders, and a recorded tutorial highlighting our product flexibilities on our web site to ensure that our staff and lender partners had the information needed to understand shared equity homeownership transactions and our product.

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 efforts under this objective laid the foundation for significant market impact. Our new and updated requirements for mortgages secured by income-based resale-restricted properties directly address an identified market need for additional product offerings to support the financing of properties under shared equity homeownership programs. Our requirements also include product features specifically requested by market participants, including these:

- Guidance for underwriting loans secured by resale-restricted properties subsidized through affordable seconds
- Guidance on selecting appraisal comparable sales when resale restrictions terminate and when they survive foreclosure or recordation of a deed-in-lieu of foreclosure
- Expansion of eligibility to two-unit primary residences and CHOICEHomeSM mortgages
- Revisions to allow cash-out refinance transactions and to permit borrowers to obtain cash proceeds from refinance transactions as long as the subsidy provider or program administrator approves the transaction
- Guidelines relating to the eligibility of the subsidy provider and program administrator
- Guidance on how to calculate the borrower's required down payment based on the subsidized purchase price
- Specifying that the subsidy provider may be entitled to obtain excess proceeds in certain instances
 - When income-based resale restrictions survive foreclosure or the recordation of a deed-in-lieu of foreclosure
 - Where proceeds remain following the sale or transfer of a real estate owned (REO) property
- Permitting the subsidy provider or program administrator of eligible shared equity homeownership programs to be both the source of the affordable seconds and the property seller in certain instances

Our product builds on existing product offerings available in the market. The enhancements make it easier for lenders to underwrite loans, which encourages product adoption, and provides controls that enable shared equity program providers to help borrowers sustain homeownership and to preserve affordability over time. For example, our guidance simplifies collateral valuation requirements for lenders by eliminating the need for appraisers to use properties with similar resale restrictions as comparable sales when recent sales are not available. This lays the foundation for future market growth because it eliminates a barrier related to appraisals that has prevented loan originations. Our requirements also specify that shared equity providers have the right, or may transfer their right, to purchase a property during foreclosure or an approved short sale, which helps preserve properties in their affordable housing inventories over time. This requirement addresses a market challenge related to affordable housing supply by giving program providers the explicit ability to keep the properties affordable for the long term.

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

Mainly regional and community lenders serve in this market; the small loan volume may deter larger lenders from incurring the expense of implementing a product. Regional and community lenders generally work with servicing agents but have trouble finding servicers for mortgages secured by resale-restricted properties.

To boost standardization, under Objective C of this activity we worked on a software tool that aggregates and compiles the program-related information that lenders need to meet our requirements into a standard package. Our efforts may encourage lenders to use our offerings, reduce lenders' need to create customized proprietary products (which tend to increase lenders' costs of doing business), and encourage more originations.

In addition, we had anticipated that regulated entities may be interested in supporting this market to satisfy their CRA obligations. However, we found that the geographic distribution of shared equity programs tends not to align with lenders' CRA assessment areas; and when it does, lenders tend to meet their obligations with financial support or other community development efforts, rather than incurring the operational costs of originating shared equity loans. Besides promoting our product to regulated entities as a way to help meet CRA obligations, we promoted it to non-regulated entities as a niche product providing incremental business opportunities and bolstering their standing in their communities.

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

Lender implementation has been slower than expected. Until lenders implement our product, a comprehensive operational execution and market acceptance assessment of underwriting requirements, product capabilities, and uniform legal documents cannot be complete or useful.

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

Exhibit G:

Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2019

LOAN PRODUCT

ACTIVITY:

8 – Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

C – Support Standardization of Data Collection at the Transaction Level

ACTIONS:

Freddie Mac met our 2019 goals under this objective to support data standardization and uniformity across shared equity programs.

2019 highlights:

- We collaborated with Grounded Solutions Network (GSN) to update HomeKeeper, a web-based application, to create a consistent data set and process that both lenders and shared equity providers can use to determine program eligibility in accordance with Freddie Mac’s requirements. Based on our market research, we understand that many shared equity program providers already use HomeKeeper to simplify program administration and access key data easily.
- Collaborating with six shared equity program providers, we tested software features that will enable shared equity program providers to package program information in a standardized and consistent format, known as the Freddie Mac readiness package. This approach will make it easier for program providers to gather and transmit information to lenders and will minimize lenders’ operational burdens related to reviewing program information against our product requirements. We began conversations with three lenders to lay the foundation for incorporating the HomeKeeper package in their origination processes in 2020.
- To inform our product design under Objective A of this activity, we leveraged data currently collected in HomeKeeper to better understand the characteristics and transactions of shared equity homebuyers. We gained insight into property information including geography, household income, and homebuyer profiles as well as purchase transaction details in regions where shared equity programs are active.
- In a report submitted to FHFA, we summarized the insights that we gathered and how they factored into our product design.

Objective’s components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
1. Prepare a report to be submitted to FHFA summarizing aggregate data and trends for shared equity programs, including mortgage and buyer financial information	Complete <ul style="list-style-type: none"> • Engaged GSN to prepare a report about shared equity programs and transactions based on their extensive experience, expertise, 	

<p>based on existing closing disclosure data submitted to the web-based application by participating organizations.</p>	<p>and ready access to information on this topic.</p> <ul style="list-style-type: none"> • Sent a report to FHFA summarizing aggregate data and trends in this market. 	
<p>2. Use the report to inform the design of comprehensive product features described under Objective A.</p>	<p>Complete</p> <ul style="list-style-type: none"> • Introduced the Community Land Trust (CLT) Mortgage product in 2018 ahead of schedule based on market feedback. We reprioritized resources accordingly and revised the rollout schedule for work under this action item. • Designed proposed policy updates and requirements for loans secured by income-based resale-restricted properties based on GSN’s research and analysis, our own market research, and feedback from lenders and shared equity program providers. • Engaged GSN to review our draft product updates and provide an analysis of our draft policies and proposed product changes for our consideration. • Incorporated GSN’s feedback into our final product updates and announced updated policy requirements in a Seller/Service Guide Bulletin on November 6 under Objective A. 	

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 efforts under this objective had meaningful impact because we aligned our product updates to identified market needs, which laid the foundation for market acceptance and increased loan purchase activity.

For example, to align with shared equity program providers' need for flexibility to set limits on the percentage of shared appreciation owed to homebuyers based on their specific markets, Freddie Mac revised our requirements to eliminate shared appreciation limits when certain criteria are met. Because shared equity program providers commonly transfer their right of first refusal to eligible homebuyers, we aligned our product requirements with this market practice by explicitly allowing eligible shared equity providers to reassign or transfer that right. Additionally, many program providers have clauses in their legal documents that give them certain rights to receive excess proceeds in future resales. Our Guide updates describe this scenario and include guidance to clarify that we will allow program providers to receive excess proceeds on a sale in certain instances after conveyance of the subject property following foreclosure or recordation of a deed-in-lieu of foreclosure.

Additionally, the report that GSN delivered under this objective provided us with a wealth of information about borrowers and the geographic distribution of shared equity programs. We plan to use this insight to connect lenders to programs in their areas of service, which lays the foundation for future market liquidity and loan purchase activity.

As another example of our market impact, testing the newly designed capabilities of HomeKeeper allowed us to receive feedback and ensure that the system capabilities being built will simplify operational processes as intended for program administrators and lenders. This lays the foundation for increasing loan purchase activity in the future.

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

Shared equity program providers may not realize that structuring transactions on a case-by-case basis prevents the standardization that would help reduce lenders' operational costs and encourage more origination of mortgage loans.

Also, some operational processes related to our shared equity program requirements can be made more efficient but cannot be eliminated altogether. For example, lenders must review shared equity providers' legal documents against our requirements. But the variation across the market makes this review operationally

burdensome (for instance, lenders may not know which paragraph or clause contains a particular provision). Through our pilot, the HomeKeeper tool has been designed to guide the lender review by automatically generating a cover sheet for the HomeKeeper package with an index of where to find the information within the legal documents. Because state and local regulations vary, 100% standardization of legal documents that shared equity program providers use to enforce resale restrictions is not possible. Lenders and shared equity providers still will benefit from a template that could be used as a guideline and modified as necessary when originating mortgages with restrictions in alignment with Freddie Mac requirements. This will eliminate the need to create unique documents for each transaction.

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

Not applicable

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 2019
 LOAN PRODUCT

ACTIVITY:

Activity 8: Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

Objective A: Develop Product Flexibilities and Guidelines that Facilitate New Mortgage Originations Under Shared Equity Programs

ACTIONS:

We are on target to meet our 2019 goals under this objective. In the first half of 2019, to facilitate mortgage lending under shared equity programs, Freddie Mac promoted the Community Land Trust (CLT) Mortgage guidelines that we introduced in Year 1, made strides toward updating policies for income-based resale-restricted properties, and continued efforts to standardize certain documentation requirements.

First-half 2019 highlights:

- *We increased lenders’ awareness about shared equity homeownership and understanding of our CLT Mortgage product and promoted best practices for working with CLTs through discussions and training opportunities.*
- *We drafted updates to our policies and requirements for underwriting mortgages secured by income-based resale-restricted properties.*
- *Our internal process for gaining approval to publish the updated policies and requirements in a Seller/Servicer Guide Bulletin later this year is under way.*
- *We are working in partnership with Grounded Solutions Network to design standardized legal documents that subsidy providers can use in their income-based resale-restricted transactions.*

Actions	2019 Achievements through Q2
1. Provide FHFA with a comprehensive operational execution and market acceptance assessment of underwriting requirements, product capabilities and uniform legal documents introduced via pilots in Year 1.	In progress <ul style="list-style-type: none"> • Worked with lenders to operationalize our Guide requirements under our CLT Mortgage product. The underwriting guidelines and uniform legal documents were distributed broadly and included in our Guide in Year 1 instead of introduced via pilots. • We plan to provide FHFA with an operational execution and market acceptance assessment of our CLT Mortgage product with our 2019 annual reporting. Uniform legal documents acceptance testing is no longer necessary because documents were included in the Guide based on market feedback.

<p>2. Issue new <i>Seller/Service Guide</i> underwriting requirements and collateral valuation guidelines, for loans made under Duty to Serve-eligible deed-restricted programs. These guidelines will build upon our existing requirements, the requirements developed and piloted in Year 1, the operational execution and market acceptance assessment described above, and the results of our analysis of loans purchased under Objective B. During Year 2, Freddie Mac will also focus on advising a variety of programs on how to restructure their programs, so they better align with the new product features and underwriting guidelines we plan to introduce. This effort will help program standardization, which, in turn, should help encourage lender adoption.</p>	<p>In progress</p> <ul style="list-style-type: none"> • Researched income-based resale-restricted programs and identified gaps between market practices and Freddie Mac requirements for loans secured by income-based resale-restricted properties. • Drafted policies and updated requirements for loans secured by income-based resale-restricted properties and started our internal process for gaining approval to issue a Guide Bulletin release during the second half of 2019. • Developed training specifically for CLTs and created the Freddie Mac CLT Readiness Checklist to help CLTs better align with our underwriting guidelines. • Launched training in partnership with Grounded Solutions Network and made it the training broadly available on-demand to subsidy providers and CLT organizations.
<p>3. Design uniform legal documents and make them available to lenders in the <i>Seller/Service Guide</i>. These will be focused on supporting the origination of loans under Duty to Serve-eligible community land trust programs and developed based on the results of the pilot conducted in Year 1.</p>	<p>In progress</p> <ul style="list-style-type: none"> • To build on this objective, which Freddie Mac completed in Year 1, collaborated with Grounded Solutions Network to design a proposed solution to standardize legal documentation used by subsidy providers offering income-based resale-restricted programs. • Engaged Grounded Solutions Network to carry out a long-term project to implement the proposed solution to design uniform legal documents and other supporting documentation that can serve as templates for subsidy providers running resale-restricted properties across the market. We selected Grounded Solutions Network to implement the proposed solution because they successfully used a similar approach in designing the CLT Model Ground Lease, which has been accepted and endorsed by CLTs across the market.

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

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)

Exhibit C:
Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 Q2: JANUARY THROUGH JUNE 2019
 LOAN PRODUCT

ACTIVITY:

Activity 8: Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

Objective C: Support Standardization of Data Collection at the Transaction Level

ACTIONS:

Our progress is delayed in completing this objective. In the first half of 2019, Freddie Mac continued to collaborate with Grounded Solutions Network (GSN) to design conceptual software capabilities to promote the standardization of data collection at the transaction level and to make it easier for lenders to comply with our new underwriting requirements. However, because we expanded our support in Objective A to issue a Seller/Service Guide offering instead of a pilot program, we had to reprioritize our resources under this objective accordingly. Therefore, we revised its rollout schedule. The system updates we designed are scheduled to be implemented during the second half of 2019, with system testing to start by year-end and continue into 2020. We expect to implement the revised pilot program to streamline lenders’ review of shared equity programs in accordance with our Seller/Service Guide requirements during the first half of 2020. We will seek a Duty to Serve Underserved Markets Plan modification to reflect this updated timeline.

First-half 2019 highlights:

- *We engaged GSN as a third-party provider to deliver data and insights on shared equity programs and transactions to us, which will be summarized in a report to be submitted to FHFA.*
- *We drafted updates to our policy and requirements for loans secured by income-based resale-restricted properties. The draft is working its way through our internal approval process.*
- *In collaboration with GSN, we redefined our pilot program’s parameters and schedule.*

Actions	2019 Achievements through Q2
1. Prepare a report to be submitted to FHFA summarizing aggregate data and trends for shared equity programs, including mortgage and buyer financial information based on existing closing disclosure data submitted to the web-based application by participating organizations.	In progress <ul style="list-style-type: none"> • Engaged GSN to prepare a report about shared equity programs and transactions given their extensive experience, expertise, and ready access to information on this topic.
2. Use the report to inform the design of comprehensive product features described under Objective A.	In progress <ul style="list-style-type: none"> • The Community Land Trust (CLT) Mortgage product was introduced in 2018 ahead of schedule based on market feedback. We reprioritized resources accordingly and revised the rollout schedule for work under this action item. • Designed proposed policy updates and requirements for loans secured by income-based resale-restricted properties based on preliminary information shared by GSN and market feedback.

	<ul style="list-style-type: none"> Started our internal process for gaining approval to issue the updated policy and requirements in a <i>Seller/Service Guide Bulletin</i> in the second half of 2019.
<p>3. Expand the number of program participants, from 10 to 15, under the pilot under this objective started in Year 1.</p>	<p>In progress</p> <ul style="list-style-type: none"> Revised our systems capabilities pilot program parameters and schedule. We plan to initiate the pilot in 2020 instead of 2019 to allow for more time to implement and test the expanded concept, system capabilities, and enhancements developed in 2018. Revised the project schedule and amended the deliverable requirements with GSN to conduct the pilot.

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

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)

We expanded our scope under Objective A to issue a Guide Bulletin that includes guidelines to use uniform legal instruments in CLT transactions instead of conducting a pilot program. Additionally, to make our actions more impactful, we expanded the scope under Objective C. We originally intended to develop systems capabilities to document program features and assess program eligibility against the Duty to Serve rule. Instead, we expanded the scope and designed conceptual software capabilities to promote the standardization of data collection at the transaction level and to make it easier for lenders to comply with our new Guide underwriting requirements. To meet our expanded scope and focus on the rollout and adoption of our new Guide offerings introduced last year, we reprioritized internal resources and, based on resource availability, revised our rollout schedule accordingly.