

## Exhibit E:

**Annual Loan Purchase Narrative Reporting Template**

FREDDIE MAC

MANUFACTURED HOUSING

2019

LOAN PURCHASE

**ACTIVITY:**

1 – Support for Manufactured Homes Titled as Real Property: Regulatory Activity

**OBJECTIVE:**

A – Increase Single-Family Loan Purchases of Manufactured Housing Titled as Real Property

**SUMMARY OF RESULTS:**

	Loan Count			UPB (\$M)
<b>Baseline</b>	2,985			-
<b>2019 Target</b>	3,200-3,350			-
<b>2019 Volume</b>	4,390			\$519
<b>2019 Volume by AMI</b>	≤ 50%: 1,111	> 50 - ≤ 80%: 2,233	> 80 - 100%: 1,046	

Freddie Mac exceeded our target for the purchase of mortgages secured by manufactured housing (MH) titled as real property.

In total, we provided \$519 million to fund 4,390 qualifying loans secured by MH titled as real property, surpassing our baseline by 47% (by volume) and the top of our target range by 31%.

Compared to our 2018 loan volume, we bought 792 more loans in 2019, a 22% year-to-year increase. Of our total volume in this market, 22% more loans were for home purchases and 23% more were for refinances than in 2018.

Transaction Type	2018	2019	Year-to-Year Change
<b>Purchase</b>	2,151	2,616	22%
<b>Refinance</b>	1,447	1,774	23%
<b>Total</b>	3,598	4,390	22%

We drove MH purchase growth through outreach to our lenders and efforts to further influence lenders who were not active in these areas by educating them on how using our products and resources can help them grow their businesses. We also worked with our strategic partners to increase their capacity to help more people attain and sustain homeownership. Also contributing to our success were modest wage growth, continued low unemployment, and lower interest rates, which lifted our refinance volume significantly.

**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

**IMPACT:**

- 50 – Substantial Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

**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?**

Our actions made a substantial impact in this market. We broadened access to credit for MH, responsibly increased liquidity, and made progress in raising MH’s image as an affordable, attractive option.

We devoted extensive resources and collaborated across the lending ecosystem to expand responsible lending. As a result, we helped more very low-, low-, and moderate-income households as well as well as first-time homebuyers finance MH, compared to Freddie Mac’s overall Single-Family purchases.

Income to Median	Loan Count	UPB (\$M)	Share of DTS-Qualified MH Loans	% First-time Homebuyers
≤ 50% (very low income)	1,111	\$103	25%	51%
> 50 - 80% (low income)	2,233	\$273	51%	
> 80 - 100% (moderate income)	1,046	\$143	24%	

Our success under this objective reflects our committed leadership and integrated approach to addressing this market's longstanding challenges:

- Engaged more with lenders, educating them on our offerings to promote adoption; enlarged the pool of lenders able to sell loans to us either directly or indirectly.
- Enhanced MH product flexibilities to improve operational efficiencies, promote lender adoption, support more borrowers responsibly, and increase liquidity.
- Collaborated with market participants to provide market-relevant solutions that expand lender participation and make buying and owning MH easier.
- Worked with the Appraisal Institute to develop and deliver MH appraisal training to help overcome appraisal challenges; increased education for housing professionals on appraisals and titling.
- Worked with stakeholders to increase standardization of industry practices.
- Expanded our SmartMH<sup>®</sup> homebuyer education program to further engage the ecosystem and prepare people for successful homeownership.
- Promoted our BorrowSmart down payment assistance program to fill a market gap and help more people become homeowners.
- Conducted research on loan performance to inform lending decisions as well as the design, enhancement, and delivery of market-relevant offerings.
- Conducted extensive outreach and education to raise awareness, understanding, and acceptance of our MH offerings.

Also, 50 members of our sales team visited a MH retail sales center and senior leaders toured a manufacturing plant plus a development containing site-built and CHOICEHome-eligible homes. As a result, they are better equipped to engage with customers around MH and promote market growth.

For more details, please read the narratives on our loan product and outreach objectives.

Because of our efforts:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- More people are ready to become MH owners.
- The ecosystem works more effectively.

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

Longstanding stereotypes and perceptions of MH inhibits market growth. Three factors are essential to changing the image of this market. One, educating lenders and potential homebuyers on the quality, affordability, and loan performance of today's MH titled as real property as well as educating appraisers on how to appraise MH more effectively. Two, increasing standardization of industry practices, which would lead more lenders to originate MH loans and enable us to buy them. Three, energizing the ecosystem through outreach. Therefore, working with stakeholders, we took the following actions, among others, and have begun to change minds.

- Reached out directly to lenders.

- Participated in 18 industry conferences, with nearly 3,500 attendees.
- Held webinars on products and offerings, with a total of 1,043 participants.
- Developed MH appraisal training with the Appraisal Institute; delivered 41 sessions with a total of 469 participants.
- Provided targeted material and resources on FreddieMac.com.
- Provided MH homebuyer education and counseling to 998 people through our SmartMH initiative.
- Published data and analysis on MH loan performance to provide insights to lenders, investors, and the industry.

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

Not applicable

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

Exhibit A:  
Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

MANUFACTURED HOUSING

Q1: JANUARY THROUGH MARCH 2019

LOAN PURCHASE

**ACTIVITY:**

Activity 1 – Support for Manufactured Housing Titled as Real Property.

**OBJECTIVE:**

Objective A: Increase Single-Family Loan Purchases of Manufactured Housing Titled as Real Property.

**SUMMARY OF RESULTS:**

	Loan Count	UPB (\$M)
Baseline	2,985	-
2019 Target	3,200 – 3,350	-
YTD 2019 Volume	799	\$86

In first quarter 2019, Freddie Mac's purchases of Duty to Serve-qualifying mortgages secured by manufactured housing (MH) titled as real property reflected greater support for homebuyers; however, the number of refinances shrank significantly. As a result, total MH loan purchases declined year-to-year. These results are preliminary and may change when we receive revised area median income files from FHFA. We expect to increase volume in 2019 based on our ongoing market engagement, use of our new offerings, seasonal homebuying patterns, and other market conditions.

We purchased 799 loans in 1Q2019, providing \$86 million in financing. We are on track to achieve our 2019 purchase volume target for this objective. To set the target, we calculated the average number of income-qualifying loans purchased from 2014 to 2016, setting a baseline of 3,894 loans annually. We then set a 2019 target range of 3,200 to 3,350 loans—125 to 275 more than in 2018—to reflect our commitment to promoting MH titled as real property as an affordable housing choice.

To provide perspective, we compared our 1Q performance to the same period in 2018. Total volume fell 5 percent, as lower refinance volume eclipsed a 15 percent rise in loans on MH purchases; similarly, our overall single-family refinances fell 12 percent. For broader context, the share of loans in our portfolio on MH titled as real property shrank by 2 basis points, driven by a 10 basis point drop in the share of refinances on MH titled as real property. Factoring into the results were a year-to-year rise in interest rates and supply of MH. Nearly 12 percent fewer new units were shipped in January and February than in the same months in 2018, according to the Manufactured Housing Institute. On the other hand, we expanded our market presence through our SmartMH® homebuyer education pilot, launches of our single-close construction conversion product and CHOICEHome initiative in late 2018, and outreach with industry participants.

Freddie Mac's 2019 outlook on this market is positive. Our housing market forecast shows single-family mortgage originations increasing in 2019, starting with the traditional homebuying season. Also, we expect a slight decline in interest rates, which could boost mortgage activity overall; however, MH supply will remain a challenge, at least in part because of manufacturing backlogs. In addition to loan purchases, we will continue to support the MH market through continued outreach and engagement with our partners and other stakeholders across the industry. The expansion of our SmartMH pilot, publication of the CHOICEHome policy in our Seller/Service Guide, new offerings, and appraiser training program developed in partnership with the Appraisal Institute will help create more opportunities to increase liquidity and access to credit as well as promote MH as an important and attractive affordable housing option.

**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)*

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