Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDABLE HOUSING PRESERVATION
2024
LOAN PURCHASE

ACTIVITY:

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

OBJECTIVE:

A – Develop Automation and Industry Standards to Support Loan Purchases on Energy-Efficient First-Lien Properties

INFEASIBILITY:

☒ Check here if the Enterprise is submitting an infeasibility request for the objective.

At the start of 2024, our methodology for counting Duty to Serve-qualified loans toward our target under this objective included loans pooled in Freddie Mac Single-Family Green Bond issuances that were made to borrowers earning 100% of area median income or less to finance either 1) newly constructed homes with Residential Energy Services Network (RESNET®) Home Energy Rating System (HERS®) Index scores of 60 or less or 2) Freddie Mac GreenCHOICE Mortgages® on homes with evidence of solar panels. Freddie Mac believed that our methodology met the requirements of the regulation to increase home energy and water efficiency.

However, on July 19, 2024, FHFA provided Freddie Mac guidance that loans secured by newly built homes are not eligible for Duty to Serve credit toward our energy-efficiency loan purchase target. This guidance materially affected our ability to reach our target for this objective.

Since introducing GreenCHOICE in 2019, the vast majority of GreenCHOICE loans purchased have been paired with refinance transactions – most often, to use the proceeds to pay off higher-cost debt on previous energy-efficiency improvements, including but not limited to solar panel installations. GreenCHOICE loan purchases have declined drastically in the current interest rate environment.

Three-quarters of the approximately 100 GreenCHOICE loans that we purchased in 2024 were refinance transactions that supported very low-, low-, and moderate-income households in paying off existing debt on energy improvements. In general, we do not have a means to verify whether a GreenCHOICE loan that we purchased was used to finance improvements that meet the Duty to Serve rule’s energy-efficiency requirements. An exception: Because of the known savings associated with solar energy, loans used to pay for solar panel installations or to pay off existing debt on such installations are assumed to meet the requirements. Our Green Bond issuances in 2024 included zero GreenCHOICE loans used to finance solar panel installations.

SUMMARY OF RESULTS:

Based on the methodology used for counting Duty to Serve-qualified loans on energy- and/or water-efficient homes at the start of this year (described in the Infeasibility section of this narrative), Freddie Mac exceeded our 2024 loan purchase target, purchasing 479 loans and providing $193 million in liquidity to the market. Our baseline was zero loans.

However, after applying the guidance described in the Infeasibility section of this narrative, our 2024 loan purchase volume was zero.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ Target met

☐ Target exceeded

☐ Objective partially completed

☒ No milestones achieved ***as a result of FHFA guidance received on July 19, 2024***

IMPACT:

☒ 50 – Very Large Impact

☐ 40

☒ 30 – Meaningful Impact

☐ 20

☐ 10 – Minimal Impact

☐ 0 – No Impact

IMPACT EXPLANATION:

1. **How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market's needs, or in laying the foundation for future impact in addressing the underserved market's needs?**

   Even though our purchases of loans on newly constructed energy-efficiency homes and GreenCHOICE loans did not count toward our energy-efficiency loan purchase target, based on FHFA guidance received in Q3, our efforts under this objective had meaningful impact on the market. The liquidity that we provided helped nearly 500 households buy new homes that may have a lower cost of ownership through utility cost savings. We refined our tools to improve our ability to identify loans eligible for inclusion in Green Bonds. Securitizing eligible loans in Single-Family Green Bonds that we offered in the capital markets helped bring attention to the importance of financing energy-efficient homes and further increased market liquidity.

   In addition, our GreenCHOICE refinance loan purchases helped homeowners lower the interest rates on debt previously incurred to finance energy-efficiency improvements, thereby helping to reduce monthly payments and consolidate debts.

Our success in 2024 was due to our leadership and commitment to increasing access to credit as well as affordable and sustainable homeownership opportunities:

- Refined our tools for determining loan eligibility for our Single-Family Green Bonds. The continued issuance of these securities helped increase visibility of mortgage financing for energy- and water-efficient homes and the secondary market support for them.
- Promoted the benefits of home energy and water efficiency as well as Freddie Mac's solutions for financing energy- and water-efficiency improvements during outreach and education activities with lenders, real estate professionals, and other industry participants.
- Published educational materials and articles on-line aimed at consumers to increase awareness of the benefits for energy and water efficiency upgrades.

In addition, we laid the foundation to heighten focus on home energy and water efficiency by revising our methodology for including loans in Green Bonds. Starting in 2025, newly constructed homes securing mortgages in Green Bonds must earn HERS Index scores of 55 or less versus the maximum score of 60 previously required. The lower the score, the more energy efficient the home.

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

We learned that most home energy-efficiency improvement mortgage loans are made to borrowers earning 80% of area median income (AMI) or more, with the vast majority earning more than 100% of AMI. Energy- and water-efficiency upgrades can be costly and many low- and very low- income homebuyers and homeowners cannot afford the increased monthly payments.

Related to this, we learned that a comparatively small percentage of households with very low, low, and moderate incomes take advantage of available incentives to finance home energy-efficiency improvements. According to the Internal Revenue Service, 76% of U.S. taxpayer households earned less than $100,000 in 2023; however, households at that income level received only 34% of available green tax credits. A range of reasons may contribute to these statistics. For example, many households may not understand the cost benefits of increasing home energy efficiency. They also may not be aware of financing solutions and the tax rebates and other incentive programs that could help make financing energy-efficiency improvements more affordable. Even with such incentives, many households still may not be able to afford to make such improvements.

Freddie Mac's 2025-2027 Duty to Serve Plan outlines our objective to increase awareness and understanding of the benefits of increasing energy efficiency and solutions for financing improvements. To do this, we will provide information and resources to industry professionals as well as to potential homebuyers and homeowners. We also will identify and conduct targeted outreach in areas within high-needs rural regions with high energy-cost burdens. Furthermore, Freddie Mac will continue our efforts to inform homeowners with higher-interest-rate mortgages on the benefits of refinancing; as part of this, we also will provide information on solutions for financing home energy-efficiency improvements as appropriate.

3. **<u>Optional</u>: If applicable, why was the Enterprise unable to achieve the Plan target?**

The guidance that FHFA provided to Freddie Mac on July 19, 2024, materially affected our ability to reach our target.

It is likely that some of the GreenCHOICE loans we purchased in 2024 to enable the payoff of existing debt for energy improvements on homes owned and occupied by borrowers earning no more than 100% of AMI would have qualified for Duty to Serve credit. However, we do not have a means to verify whether a GreenCHOICE loan was used to finance improvements that meet the Duty to Serve rule's energy-efficiency requirements. Although it is assumed that a GreenCHOICE loan meets the Duty to Serve requirements if the proceeds paid for or paid off a solar panel installation, our 2024 Green Bond issuances included zero GreenCHOICE loans used for that purpose. In addition, nearly all of the GreenCHOICE mortgages that Freddie Mac has purchased since its launch have been paired with refinance transactions. Given the current interest rate environment, GreenCHOICE loan purchases have decreased dramatically.

The Infeasibility section of this narrative contains additional details.