

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDBALE HOUSING PRESEVATION
2024
PURCHASE

ACTIVITY:

Activity 6 – Comparable State and Local Affordable Housing Programs: Statutory Activity

OBJECTIVE:

Objective A: Purchase Loans with State and Local Programs

INFEASIBILITY:

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

SUMMARY OF RESULTS:

In 2024, Freddie Mac purchased loans for properties benefiting from state and local programs, supporting 48,279 units. This substantial extension of liquidity exceeded both our modified 43,100-unit target and our original 46,000-unit target. Our efforts provide a stable source of debt capital for these transactions through economic cycles.

FHFA granted a modification for this target due to a significant reduction in the size of the multifamily market and a volatile interest rate environment in the first two quarters of 2024. Our baseline of 31,095 units is based on the three-year average from 2018 to 2020.

<i>Objective's components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
43,100 Units	48,279 Units	Modification

SELF-ASSESSMENT RATING OF PROGRESS:

- ☒ Target met
☐ Target exceeded
☐ Objective partially completed
☐ No milestones achieved

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?

In 2024, Freddie Mac delivered 48,279 units to the market through loan purchases with state and local programs. Developing and maintaining affordable housing for renter populations often relies on layering Federal subsidies with state and local programs, including tax credits, to attract investment and bridge funding gaps. Freddie Mac's acquisition of loans with state and local subsidies advances local affordable housing objectives while providing liquidity and stability to these markets. This effort also helps preserve affordability in areas where supportive financing options may be limited.

Market conditions had a significant impact on our ability to meet our target. In the first half of the year, we saw suppressed volume in line with what we saw in 2023. When conditions improved into the third quarter, Freddie Mac's team adjusted its credit approach and put forward a substantial level of effort to underwrite, close and fund a sufficient level of business to meet our target. This work ensured that we continued meeting the liquidity needs of the market, funding impactful business that helped support affordable housing for tens of thousands of families.

While the market was constrained in the first half of the year - driven primarily by the interest rate environment - a temporary drop in the 10-year Treasury rate during the third quarter helped spur transaction volume. However, rates increased again in the fourth quarter, back to levels similar to what we saw in the first half of the year. The 10-year Treasury rate in Q3 averaged 3.95%, which is 50 bps below the Q2 average. The 10-year rate hit a low of 3.62% in September before increasing to 4.58% by the end of December.

The result of our Q3 push was the largest funding month for TAH business in our history. In December we funded \$2.4B, outpacing the prior record of \$1.8B. Our teams were prepared to take on the flood of business that resulted because we devoted time early in the year to cross-training conventional and small balance underwriters, allowing them to swing into supporting targeted affordable business when needed. Through the end of December, these teams worked together to close a substantial number of loans. Meeting our target required tight coordination between production and underwriting teams, which held daily calls to locate all loans that could close within the calendar year. This allowed us to prioritize those that helped us meet our State and Local and other mission-related targets.

In the end, a stabilizing market coupled with strategic and persistent outreach to housing finance agencies and strengthened partnership efforts enabled us to surpass both the modified and unmodified goals. Freddie Mac's state and local unit goal remained a key focus in ongoing discussions - from quarterly senior leadership calls with Optigo lenders to weekly pipeline reviews with lender relationship managers. Through these engagements, we actively sought insights on the lending environment, allowing us to remain well-positioned and strategically pursue transactions that aligned with our

objectives.

Two examples of a successful transactions that involved state or local programs are:

- **Sea Breeze Gardens – San Diego, CA:** Sea Breeze Gardens is a 268-unit, rent-restricted multifamily property in San Diego, CA. The property benefits for the California Welfare Exemption which exempts it from real estate taxes. Income restrictions apply across the property: 240 units are affordable at 60% of Area Median Income (AMI) and 27 units are reserved for residents at 50% AMI. Rent restrictions are in place for all units. Community amenities include six on-site laundry facilities, children’s playground, on-site courtesy patrol, controlled access gates, community room with resident events & services, assigned parking, on-site daycare center, and convenient access to public transportation. The property will undergo renovations, including new roofs, gutters and downspouts, landscaping improvements, parking lot repairs, site path repairs and improvements, new energy efficiency lighting, and refreshed resident amenity areas. Units are expected to receive new energy efficient lighting, low flow plumbing fixtures, new appliances, new countertops, new bath accessories, and new vanities and boxes. Additionally, all community spaces will be renovated including a new playground and community clubhouse upgrades with office space for property management and resident services.
- **Hope on Avalon – Los Angeles, CA:** The Hope on Avalon Apartments is an 88-unit rent- and income-restricted property located in the city of Los Angeles. In 2021, Freddie Mac entered into an unfunded forward commitment with the property’s lender. The property benefits from the California Welfare Exemption which exempts the property from real estate taxes because of its work with a nonprofit to deliver Permanent Supportive Housing (PSH). The property includes a PSH building and a Transitional Housing facility. The PSH has 67 units, 7 studios available at 40% AMI and 59 one-bedroom units available at 50% AMI. The PSH houses chronically homeless adults and provides intensive wraparound supportive services. The Transitional Housing building includes 21 units. Common area amenities include a business center, game/media room, controlled access, laundry facility, elevator access, activities room, and a leasing office.

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

State and local initiatives play a crucial role in funding the development and preservation of affordable housing. While these programs help fill financing gaps and facilitate transactions, they can also add layers of complexity. Freddie Mac observed that properties receiving these subsidies often operate with tight financial margins, making them vulnerable to market fluctuations, declining property values, and rising interest rates. As market conditions stabilized in the latter half of the year, Freddie Mac leveraged its ongoing engagement with sponsors and strong partnerships with housing finance agencies to navigate challenges and support state and local efforts.

Additionally, Freddie Mac utilized two product enhancements to help support the achievement of our state and local and other AHP purchase targets. These products include:

Bond Credit Enhancement: A Bond Credit Enhancement (Bond CE) is a product used to finance transactions that utilize tax exempt debt and low-income housing tax credits (LIHTC). Since 2014, Freddie Mac has served this part of the market via our Tax Exempt Loan (TEL) product. Due to unpredictable market dislocation, Freddie Mac was in a disadvantageous position from a pricing perspective. More specifically, the Freddie Mac TEL uses the treasury rate to calculate the all-in rate on a loan as we do for all our fixed rate products. Conversely, many market participants and competitors use an index called MMD. During parts of 2024, MMD was lower than the treasury rate by 100 basis points. As a result, the Freddie Mac all-in rate was higher, and the competition had an advantage. In

response, we deployed our Bond CE product which uses MMD as the index and put Freddie Mac in line with the all-in rate of the competition.

Rate Buy-Downs: During parts of 2024, interest rates increased rapidly creating headwinds to closing loans. In response to elevated interest rates, Freddie Mac allowed for rate buy-downs. In a rate buy-down the borrower pays a lump sum at closing in exchange for a lower all-in rate during the life of the loan. The buy-downs were capped and reviewed and approved on a case-by-case basis. The end result is that numerous transactions were saved during the times of elevated interest rate volatility/increases.

3. **Optional:** If applicable, why was the Enterprise unable to achieve the Plan target?
Not applicable