

Exhibit B:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2025
LOAN PURCHASE

ACTIVITY:

Activity 4 - Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

Objective A - Purchase Loans from Small Financial Institutions Serving Rural Areas

INFEASIBILITY:

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

SUMMARY OF RESULTS:

Freddie Mac exceeded our baseline of 1,175 loans by 17% and achieved 69% of our 2025 target under this objective to purchase loans from small financial institutions (SFIs) serving rural areas.

In total, we provided \$252 million in liquidity to fund 1,379 loans toward our target of 2,000 loans, ending the year 621 loans short of our ambitious goal. Of our 2025 purchases from SFIs, 71% of the loans were for borrowers with very low and low incomes.

Our answer to Question 3 in the Impact Explanation section describes the factors that affected our results.

We drove loan purchases from SFIs serving rural areas through a multi-pronged approach. We continued our outreach to lenders and potential aggregators as well as formed direct and indirect selling relationships with lenders serving rural areas, including small financial institutions as defined under the Duty to Serve rule. To identify areas and lenders with potential to deliver greater loan volume, we analyzed our loan data. We also educated industry professionals on how using our products and resources can help them create more homeownership opportunities and grow their businesses. As part of this, we highlighted offerings with zero credit fees that help make financing a home more affordable for homebuyers with very low, low, and moderate incomes.

We increased our already-significant efforts to help overcome strong market headwinds. Through coordinated, data-driven, high-touch efforts, we significantly increased our lender outreach activities as well as targeted certain lenders and potential aggregators to encourage additional loan deliveries. Loan deliveries accelerated in the second half of the year; volume each month from July through December outpaced monthly volumes from January through June.

We delivered this level of effort and made significant progress toward our purchase target in the face of challenging market and economic conditions, which are described in our answer to Question 3 under Impact Explanation. Our results reflect our collaboration, creativity, and commitment to this market.

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:

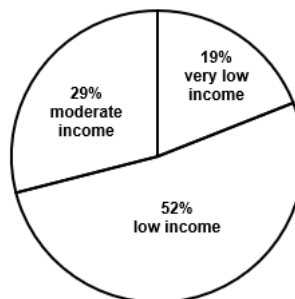
1. How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market’s needs, or in laying the foundation for future impact in addressing the underserved market’s needs?

Our results under this objective had meaningful impact on small financial institutions and the rural communities they serve. We provided liquidity, access to the secondary market, and opportunities to achieve sustainable homeownership, while contending with low inventory of affordable homes, rising home prices and related expenses, higher-than-expected interest rates, and a higher cost of living. Collaborating across the housing ecosystem, we responsibly expanded affordable lending opportunities and broadened access to credit.

As a result, more very low-, low-, and moderate-income households were able to buy homes in rural areas.

Of our 2025 loan purchases from SFIs serving rural areas, 71% helped very low- and low-income households realize affordable homeownership. People at these income levels often find it challenging to obtain affordable mortgage terms.

Percentage of DTS Loan Purchases from SFIs in Rural Areas by Income Level



Of the loans we purchased in this market, 65% helped create first-time homebuyers, three percentage points higher than in the previous year. In comparison, 51% of Freddie Mac Single-Family loan purchases in 2025 supported first-time homebuyers.

Almost one-quarter of the direct sellers and more than 40% of the indirect sellers that delivered loans to us in 2025 had not sold loans to us in at least a year, if ever.

Our achievements under this objective reflect our leadership and commitment to supporting lending and sustainable homeownership opportunities through SFIs serving rural areas:

- Continued to conduct industry outreach and education to raise awareness, adoption, and effective usage of our offerings to promote affordable lending and access to credit for sustainable homeownership through in-person events, webinars, and on-demand tutorials.
 - Educated more than 4,000 real estate professionals, lenders, and other industry professionals on our offerings in person through conferences and events.
 - Educated around 2,800 mortgage professionals through webinars or tutorials offered through Freddie Mac Learning.
- Analyzed our data to identify opportunities for additional targeted and individualized outreach to lenders.
- Strategically reached out to SFIs and aggregators to encourage them to deliver Duty to Serve-qualifying loans to Freddie Mac.
- Strategically reached out to lenders to help expand our direct and indirect delivery channels.

Because of our Duty to Serve efforts, Freddie Mac made a meaningful impact on rural areas by purchasing loans from SFIs:

- Additional liquidity flowed to SFIs supporting rural areas.
- About 1,400 people achieved affordable homeownership.
- About 900 people became first-time homebuyers.
- More lenders gained access to the secondary market, more financing options, and more confidence in lending.

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

We received feedback from staff at small lending institutions who buy rural loans that they find limitations in technology, trained staff, and sometimes risk management processes that cause hesitation in purchasing from the classified “small financial institutions”. Large aggregators are essential in rural markets, as many small financial institutions lack the capacity to sell directly to the secondary mortgage market. Freddie Mac will continue to partner with large aggregators and expand our network of smaller aggregators to better support small financial institutions.

3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?

Freddie Mac set aggressive purchase targets relative to the latest housing market forecasts when we finalized our 2025-2027 Duty to Serve Plan. Two main circumstances inhibited us from achieving the 2025 target: First, we calculated the original baseline and 2025 target using FHFA’s 2022-2024 Small Financial Institutions Data file. The 2025-27 file was used to qualify loan purchases toward our 2025 SFI target. This file contains significantly fewer lenders eligible to sell us loans that qualify toward our target. Second, economic headwinds were stronger and more persistent than anticipated.

With each new SFI file, hundreds of lenders that have grown their asset size organically or through mergers and/or acquisitions lose eligibility. This has substantial adverse effects on our opportunities to purchase qualifying loans and to satisfy FHFA's Duty to Serve Evaluation Guidance for setting baselines and targets for loan purchase objectives. Although some SFIs are added to the list each Plan cycle, they are far too few to make up for the losses and the lost loan purchase opportunities.

The 2025-2027 file includes 1,530 fewer SFIs than the 2022-2024 file – shrinking by almost 19%. To offer perspective on the impact: Applying the new file to our 2024 loan purchases, volume decreases by 38% from what we reported to FHFA for that year.

Developing relationships with SFIs not currently doing business with Freddie Mac, and with aggregators that could provide conduits to the secondary mortgage market, requires a significant investment in resources to support and sustain the level of purchase growth targeted. Additionally, as we add new lenders to our customer base, it will take time before we realize loan purchases while lenders navigate through the onboarding process.

Our efforts in this market were further hampered by the practice among many smaller lenders to hold loans in portfolio so that they can offer loan terms that do not meet GSE standards to people in their communities. In addition, some lenders that could serve as aggregators choose not to do so for various business reasons.

Furthermore, since publishing the Plan, the economic environment and continuing housing affordability challenges have driven down loan originations, in general and from SFIs serving rural areas specifically.

Home prices continue to climb, in part based on the housing supply gap. Labor, materials, and land shortages expand the time and costs of building new and repairing or renovating existing homes, also affecting home prices. In addition, repairing and rebuilding homes following natural disasters consumes substantial amounts of construction resources.

Interest rates have held between 6% and 7% over the last year, higher than earlier forecasts and leading to lower loan origination volumes than expected. Nearly half of outstanding mortgages have rates below 4%, and about 80% have rates below 6%.¹ Many existing homeowners stay in their homes because they feel “locked in place,” unable to afford to move in the current environment. This further reduces for-sale inventory.

Other costs of homeownership have risen sharply, too, making a first-time or move-up home unaffordable for many households. The average annual home insurance premium grew by 14% in 2024 and 57% over the past five years. Property taxes increased 12% between 2021 and 2023, on average; increases by state ranged from 5% to 37%. Increases in insurance costs and property taxes tended to be greater for lower-income households than others.² These expenses have continued to rise since this research was conducted.

Investors accounted for 34% of U.S. home purchases in Q3 2025, the highest percentage in five years.³ Investors' share of purchases rose 1 percentage point over Q2 2025 and nearly 8 percentage points over Q3 2024. At the end of Q3 2025, investors owned 18% of single-family homes. Investors tend to focus on affordable homes – older homes priced below the national average. In more than half of U.S. markets, buying a home required an annual income of more than \$110,000.

Compounding matters, wage growth has not kept pace with home prices and cost of living. From December 2024 through December 2025, average real wage growth, adjusted for inflation, was 1.1%.⁴

¹ Freddie Mac analysis of National Mortgage Database data

² Harvard Joint Center for Housing Studies, *2025 State of the Nation's Housing*

³ BatchData Investor Pulse™ Report

⁴ U.S. Bureau of Labor Statistics

Our strategic efforts intended to accelerate loan purchases yielded strong results. However, the external pressures affecting this market plus the impacts of demographic changes and mobility reflected in the new Rural File kept the target out of reach.