

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2024
LOAN PRODUCT

ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

B – Develop Product Enhancements to Increase Origination of Conventional Mortgages from Community Development Financial Institutions

INFEASIBILITY:

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

SUMMARY OF RESULTS:

Freddie Mac met our goals under this objective to develop product flexibilities intended to help CDFIs better meet the needs of borrowers in their markets, offer the flexibilities through a negotiated term of business (TOB), and provide technical assistance to facilitate TOB and product adoption. To extend access to the flexibilities, we entered the TOB with CDFIs that could act as aggregators.

Objective's components detailed in the Plan	Corresponding actions or deliverables
1. Introduce product enhancements based on input gathered from CDFIs during the Plan cycle to create a tailored solution that facilitates CDFIs' origination of conventional mortgages in HNRR. Provide the offering to at least three CDFIs via a negotiated term of business (TOB).	Complete <ul style="list-style-type: none"> Introduced enhancements to an existing product, based on feedback gathered during working sessions held with CDFIs in Year 2, to provide terms and flexibilities that could generate additional loans eligible for sale to Freddie Mac in high-needs rural regions. Provided the enhanced offering through a negotiated TOB. Entered the TOB with three CDFIs.
2. Provide technical assistance to support CDFIs in implementing and using the product offering effectively.	Complete <ul style="list-style-type: none"> Provided technical assistance to the CDFIs that adopted the TOB to ensure their understanding of its components. <ul style="list-style-type: none"> Shared a preliminary version of the TOB with selected CDFIs to generate understanding and interest. Hosted an on-line demonstration of the final TOB with each CDFI that received the negotiated TOB.

	<ul style="list-style-type: none"> ○ Created a job aid covering the process for underwriting and delivering a loan successfully under this TOB. ○ Consulted on effective tactics for marketing the new flexibilities. • Agreed to continue to provide technical assistance on request to support product rollout to the CDFIs' mortgage origination teams. May include providing feedback on test cases as they update systems to accommodate the product enhancements.
3. Create an indirect channel for additional CDFIs in rural regions to sell loans that they originate using the offering into the secondary market. Provide technical assistance on how to originate and package loans for sale through CDFIs with the TOB, which will serve as aggregators.	<p>Complete</p> <ul style="list-style-type: none"> • Two of the CDFIs with the TOB agreed to act as aggregators. They plan to extend the terms of the TOB to CDFIs in their networks, affording those CDFIs access to the secondary market and additional liquidity. Because the aggregators adopted the TOB in Q4, rollout was under way at the end of the year and had not fully reached members of their networks. • In coordination with the aggregators, agreed to offer technical assistance to indirect sellers on originating loans for sale to Freddie Mac as needed.

SELF-ASSESSMENT RATING OF PROGRESS:

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

PARTIAL CREDIT JUSTIFICATION:

Not applicable.

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 actions under this objective laid the foundation to have meaningful impacts in high-needs rural regions by making it easier for CDFIs to originate loans that can be sold to Freddie Mac directly or indirectly.

The enhancements that we introduced represent a significant expansion over existing product offerings in the market and will help expand the pool of eligible borrowers. Enhancing a product that the CDFIs are familiar with will facilitate accelerated adoption of the new flexibilities. Although the TOB did not incorporate all of the flexibilities that the CDFIs suggested during our Year 2 working sessions and that we heard from others in various conversations, the CDFIs adopting the TOB expressed excitement about the flexibilities that were included and recognized our commitment to supporting this market. Initially offering the flexibilities on a limited basis will allow us to gain insights into product usage and loan performance before further developing future enhancements and expanding TOB participation, if feasible.

By entering the TOB with CDFIs that can serve as aggregators, we ensured that channels into the secondary market will be open to a wider set of CDFIs, including those that may not be – or be in a position to become – direct sellers to Freddie Mac. This provides the potential to increase the flow of liquidity to more CDFIs in high-needs rural regions. In turn, those CDFIs can increase their affordable mortgage lending and help create sustainable homeownership opportunities for additional households.

The technical assistance and resources we provided to the CDFIs that adopted the TOB will facilitate their implementation and rollout processes, including marketing the flexibilities to the aggregators' networks. The technical assistance that we will offer to the indirect sellers will similarly promote smooth implementation.

- 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 increasing loan purchases from CDFIs will take incremental steps. The population that CDFIs serve often earn very low or low incomes, have thin or no credit histories, and have low capacity to set aside savings. To serve potential borrowers in their communities, CDFIs often will make loans that do not meet GSE requirements and hold them in portfolio. While the flexibilities we introduced through the TOB addressed some of the requests that CDFIs made during our Year 2 working sessions, we decided not to include others at this time for safety and soundness reasons. As the three CDFIs roll out the TOB and originate and deliver loans under its terms, we will be able to gather loan data in a controlled manner. At the same time, our loan purchases will increase liquidity to the CDFIs selling directly and indirectly to us, allowing them to make loans to additional households. During our 2025-2027 Duty to Serve Plan cycle, we will determine how to refine and expand the flexibilities based on our analysis of loan data, with intent to continue to increase support for CDFIs in a strategic, thoughtful manner.

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

Not applicable.