Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2024
PURCHASE

ACTIVITY:

Activity 5 – Support Multifamily Properties in All Rural Areas: Additional Activity

OBJECTIVE:

Objective A: Purchase Loans to Preserve Properties with USDA Section 515 Debt

INFEASIBILITY:

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

Freddie Mac's ability to support USDA Section 515 transactions is embedded in our core loan offerings, which we have made available and extensively promoted nationwide through our lender network and online platforms. Despite having the capacity to complete these transactions through a subordinate debt agreement arranged with USDA and several years of consistent outreach to our lender network and rural market stakeholders, Freddie Mac has been unable to complete a Sec. 515 transaction in a rural market. We identify several reasons for this in the impact explanation below.

In 2021, we completed a Sec. 515 transaction in a non-rural market. In the subsequent three years, we have only had the opportunity to quote one transaction in a rural market, which we found to be economically infeasible as the borrower had access to a government-subsidized funding option through the USDA Section 538 program.

SUMMARY OF RESULTS:

Despite extensive outreach and effort during 2024, Freddie Mac was not able to complete a USDA Section 515 transaction, falling short of our goal of four transactions.

Objective's components detailed in the Plan	*Corresponding actions or deliverables*	*Any deviations from the Plan (if applicable)*
Four transactions each including at least one property in a DTS rural market	Zero Transactions	To identify eligible transactions and better understand market challenges, we engaged in extensive direct outreach to our lender network, borrowers, market stakeholders and advocates. We also distributed a constant flow of communications to our lender community and through online channels, reminding the market of our ability to provide new first mortgage debt in front of Sec. 515 loans. This outreach helped shape our understanding of market needs and how

		Freddie Mac fits into the landscape of debt offerings. It also resulted in a change to our terms sheet to identify our Preservation Rehabilitation Financing offering as compatible with subordinate Sec. 515 debt. This work has helped lay a foundation for future transactions if market conditions change in a way that makes Freddie Mac's offering more appealing to borrowers.

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?**

   Freddie Mac has built the ability to support USDA Section 515 debt into our core loan offerings and has consistently promoted our ability and desire to support these transactions nationwide. Despite this work, we have continually found a market preference among developers for USDA lenders and loan products, specifically Sec. 538. This is driven by the flexible credit terms provided by the USDA products along with borrower familiarity and institutional expertise. Freddie Mac's ability to participate in this market is inherently very limited.

   Over the course of the year, and the entire 2022-2024 Plan cycle, Freddie Mac spent considerable time and effort in outreach to lenders. This included event and conference attendance and participation, stakeholder meetings and engagement, and the inclusion of product offerings in marketing materials and communications with our lender network.

   In 2024, Freddie Mac pointed to its ability to provide new first mortgage debt in front of USDA 515 loans in eight separate email communications to our networks and in three social media posts. We discussed the need to source these transactions in an all-lender meeting, featuring the heads of production for each of our lenders, and conducted targeted outreach to 5 prominent targeted affordable housing lenders with deep experience in rural markets. We also checked in with repeat Freddie Mac sponsors with rural portfolios to determine if they were aware of any potential transactions.

In these conversations, Freddie Mac also sought out transactions with properties that have a USDA Restricted Use Covenant (RUC) in place. Our lenders were also unable to uncover any RUC transactions. Freddie Mac also sought out a list of properties with RUCs from USDA but learned that this information was not publicly available. Although not envisioned as a component of or included within our objective, baselines, or targets, properties with RUCs were deemed eligible for the objective by FHFA.

In addition, we discussed our challenges in sourcing transactions with prominent advocates that have pointed to the need for Freddie Mac to support the recapitalization and preservation of Sec. 515 properties. Following these conversations, we learned that our ability to support these transactions through our preservation rehabilitation offering should be made clearer. We acted quickly to update our term sheet.

Through these engagements, we also learned that the credit parameters, both in terms of leverage and Debt Service Coverage Ratio (DSCR) that would be necessary to capture the part of the market not served by Sec. 538 debt would well exceed Freddie Mac lending standards. The change needed to source these transactions at scale would likely not be feasible while maintaining our commitment to and mandate for safe and sound lending practices.

Our conclusion from this work is that the most effective way Freddie Mac can support properties with Section 515 debt is through our LIHTC equity investments. Additionally, we continue to support affordability preservation in rural areas through our other Duty to Serve objectives, including LIHTC Debt, Section 8, State and Local programs, and SFI objectives, which have supported 48,690 rural units and more than $4B in liquidity from 2018 through the end of 2024.

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

Through our continued outreach efforts, Freddie Mac learned more about USDA's Sec. 538 program and the elements that make it the preferred execution for those seeking new debt for properties with existing Sec. 515 loans. Sec. 538 provides flexible credit parameters, including a minimum DSCR of 1.15x and maximum LTV of 90% (97% for nonprofit borrowers). It offers low interest rates and 40-year fully amortizing debt and up to 40-year terms, with a minimum of 25-year terms. Additionally, we learned that USDA in 2024 increased its level of support for Sec. 538 loans by nearly 75% - from $230 million per year in 2020 to 2022 to $400 million per year in 2023 and 2024. Despite the increased support, the number of loans guaranteed by Sec. 538 declined by nearly 30 percent from FY 2022. According to the Housing Assistance Council, in FY 2023 USDA guaranteed 52 multifamily loans for $168 million (of $400 million available) across 21 states. This decline in guaranteed loans, despite the expansion of USDA's ability to guarantee loans, indicates that the challenges in preserving affordability at Sec. 515 properties is complex and likely not driven by the availability of debt liquidity.

Additionally, the market has shifted preference for 4% LIHTC to 9% LIHTC equity transactions, which generate more equity and require less debt than the 4% credit. We have learned that CDFIs are best able to offer the most efficient executions of 9% loans which has made Freddie Mac's execution less relevant in the current market.

Finally, we learned that borrowers who will have subordinate Sec. 515 debt prefer to work with USDA lenders because they are more familiar with the complexities of the program. Additionally, the underwriting process for a 515 loan may take up to 18 months to complete, and an in-house USDA underwriter eliminates challenges related to third-party debt and the associated lengthy underwriting process.

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

   Flexible credit parameters, the tightly integrated nature of USDA programs, and the complex nature of the Sec. 515 program all contribute to borrower preference for using USDA financing rather than seeking out alternative funding options, like Freddie Mac. Additionally, market conditions, including a shift in preference from the 4% LIHTC to 9% LIHTC equity transactions, which require less debt and are better executed by CDFIs, also contribute to the preference for USDA financing. Despite having the capacity to support these loans and regular and directed outreach to our lender network and rural market stakeholders, Freddie Mac has been unable to secure a Sec. 515 loan in a rural area.