

Exhibit E:  
**Annual Loan Purchase Narrative Reporting Template**

FREDDIE MAC  
RURAL HOUSING  
2024  
LOAN PURCHASE

**ACTIVITY:**

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

**OBJECTIVE:**

A – Provide Liquidity to Small Financial Institutions Serving Rural Areas

**INFEASIBILITY:**

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

**SUMMARY OF RESULTS:**

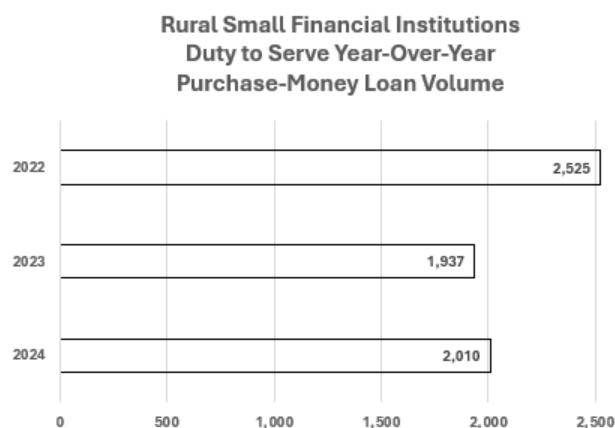
Freddie Mac met our 2024 modified target under this objective for purchases of loans from small financial institutions (SFIs) serving rural areas.

In total, we provided \$324 million in liquidity to fund 2,010 purchase-money loans originated by SFIs serving rural areas in 2024. Our results increased compared to 2023, but loan volume was below our baseline of 2,660 loans. Of 2024's volume, 71% comprised loans made to households with very low and low incomes, about the same as in 2023.

Market headwinds that exacerbated ongoing affordability challenges caused us to right-size our original purchase target, which was set in 2021 under very different market conditions. Interest rates bounced between 6% and 7% throughout the year, according to Freddie Mac's Primary Mortgage Market Survey®. Home prices continued to rise and the housing supply gap continued to widen. Freddie Mac researchers found that increased housing prices and interest rates exacerbated the existing affordability challenges. For example, as interest rates rose 0.7% from February 2023 through June 2024, the affordability ratio – defined as the ratio between

maximum house price a typical household can afford and the median home value in the area<sup>1</sup> – declined in high-needs rural regions by 19%. Nationally, the decline was 16%. Mortgage rate lock-in effect contributed to the shortage of homes for sale and decline in housing affordability. Close to 90% of active mortgages had rates of 5% or less at origination as of January 2024, which kept many homes off the market. Furthermore, high construction costs inhibit the building of affordable homes. Also, inflation rates continue to significantly affect many rural areas, making it harder for many households to attain sustainable homeownership. To continue to serve their communities and boost business, many lenders offered mortgage terms that do not meet GSE standards and held more loans in portfolio. The continuing loss of eligible lenders through closures, mergers, and acquisitions also limited our opportunity to purchase loans.

Despite the challenges, through our concerted efforts, we increased our loan purchase volume from SFIs in 2024 by about 4% year-over-year.



We drove loan purchases from SFIs in rural areas through a multi-pronged approach. We continued our stepped-up outreach to lenders and potential aggregators as well as worked to form direct and indirect selling relationships with financial institutions defined as small under the Duty to Serve rule. To identify areas and lenders where we should increase our focus to boost loan deliveries, 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. Furthermore, we offered improved pricing for certain loans as well as an incentive for Home Possible® loans supporting homeownership for very low-income borrowers. Above and beyond Plan objectives, we continued to collaborate with trusted non-profit housing intermediaries to expand access to financial management and homebuyer education and counseling that could lead to more people financing affordable, sustainable homeownership.

Our results reflect our collaboration, creativity, and commitment to this market.

<sup>1</sup> The affordability ratio measures whether an area is affordable to the typical household living in that area based on the maximum house price they can afford and the median home value in the area. A ratio greater than one indicates a more affordable area, whereas a ratio less than one represents a less affordable area. The maximum house price a household can afford is calculated based on the assumption that the monthly mortgage payment is no more than 31% of monthly household income (HUD median family income), a 3% down payment, and the prevailing 30-year fixed-rate mortgage (Freddie Mac Primary Mortgage Market Survey® average rates for February 2023 (6.62%) and June 2024 (6.97%)). The median home value is from Freddie Mac's Home Value Explorer.

**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

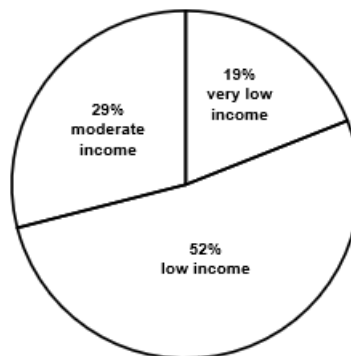
**IMPACT EXPLANATION:**

**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 a meaningful impact on the market by providing liquidity, access to the secondary market, and opportunities to achieve sustainable homeownership, while contending with low inventory of affordable homes, rising home prices, volatile interest rates, higher cost of living, and a shrinking pool of Duty to Serve-eligible SFIs.

Our loan purchases enabled affordable lending to people who most need greater access to credit. More than 70% of our 2024 purchases from SFIs benefited rural homebuyers with very low and low incomes. In addition, 62% of our purchase-money loan purchases from SFIs helped individuals buy their first homes, 7 percentage points more than in 2023 and 14 percentage points more than in 2022.

Percentage of DTS Loans from  
SFIs in Rural Areas by Income Level



We expanded the base of lenders that delivered loans to us, purchasing loans from a significant number of lenders that had not sold loans to us in at least a year, if ever, and realizing a 6% increase in purchases through aggregators compared to 2023.

Our achievements under this objective reflect our leadership and commitment to supporting lending and sustainable homeownership opportunities with SFIs operating in rural regions:

- Stepped up engagement with SFIs with presence in rural regions to encourage them to adopt and use our offerings and to sell loans to Freddie Mac.
- 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. We reached nearly 4,000 professionals in high-needs rural regions.
- Conducted an integrated, targeted marketing effort to raise awareness of how using Freddie Mac's offerings could help create affordable homeownership opportunities. As part of these efforts, we promoted our products that are most beneficial to rural areas, the pricing benefits of certain products, and relevant down payment assistance opportunities. We also promoted our Home Possible® very low-income incentive.
- Provided financial incentives to help lenders increase their originations and sell more loans to Freddie Mac. We offered pay-ups to standard cash pricing for fixed-rate small-balance loans; most of the rural loans we bought from SFIs were for lower balances. We also eliminated credit fees in price on certain mortgages and offered a Home Possible very low-income borrower incentive.
- Strategically reached out to small lenders in rural markets to help expand our direct and indirect delivery channels.
- Mined our rural loan data to identify opportunities for additional targeted and individualized outreach to lenders.

Because of our Duty to Serve efforts, Freddie Mac made a meaningful impact on SFIs in rural areas:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- More people purchased homes for the first time.
- More people achieved responsible homeownership.
- During the 2022-2024 Plan cycle, we provided a total of more than \$1 billion in liquidity to SFIs in rural areas, financing about 6,500 home purchases. Since our Duty to Serve program's start in 2018, we provided a total of nearly \$6.6 billion in liquidity, financing nearly 42,000 homes.

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

We recognized that frequent, targeted outreach to lenders and a robust aggregator network as well as direct lender channels are essential to making progress in this market, considering the declining number of SFIs and the current market environment.

The number of lenders that meet the Duty to Serve SFI definition shrinks each year through closures, mergers, and acquisitions, resulting in fewer opportunities to buy loans from SFIs. Comparing the 2022 SFI file to the 2025 file, 1,530 lenders – more than 18% – outgrew eligibility. The lenders that remain

in the pool typically have smaller footprints and originate fewer loans eligible for sale to the secondary market. This will continue to be a challenge in future plan cycles, given the eligible asset size.

Several rural SFIs agreed to become or became Freddie Mac lenders this year, but they need time to implement the processes and technologies necessary before we realize deliveries.

Many SFIs might not meet the requirements to become Freddie Mac-approved or have the capacity to complete the approval process. By working to increase the number of aggregators, we are building additional channels into the secondary market. Having this access will increase liquidity to SFIs for helping to create sustainable homeownership opportunities for very low-, low-, and moderate-income households in rural areas. In some cases, however, a smaller lender might not meet the capital requirements to become a participating correspondent lender. Or the potential aggregator might lack an effective channel for smaller lenders; in this case, Freddie Mac may offer technical assistance to help facilitate and navigate the process of becoming an aggregator.

Moreover, because of staffing changes and/or reductions within lender organizations as a result of market conditions or other reasons, and in our efforts to increase market participation, we continually must conduct outreach and education. We have found that SFIs may need more tailored outreach and technical assistance than other lenders to adopt and use our products effectively. Providing tailored support helps increase their confidence and efficiency as well as the likelihood that they will deliver loans to us.

Based on our insights and engagement with lenders, we sharpened focus in our 2025-2027 Duty to Serve Plan on expanding our network of direct and indirect sellers as well as encouraging lenders to increase support for aggregation. Our goal is to help build more pathways to the secondary market for small lenders, thereby promoting the flow of additional liquidity into rural communities nationwide. We also will assess how we might enhance our offerings to make them easier for small lenders to adopt and use them.

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

Not applicable.