ANNUAL HOUSING ACTIVITIES REPORT FOR 2014

FEDERAL HOME LOAN MORTGAGE CORPORATION

MARCH 11, 2015
Introduction


The following constitutes Freddie Mac’s 2014 Annual Housing Activities Report to Congress and FHFA under section 307(f) and the regulation at 12 C.F.R. 1282.63.¹

A. Information Required Under § 307(f)(2)(A)

§ 307(f)(2)(A) requires that this report include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals established under such subpart.

In 2014, Freddie Mac purchased nearly 1.1 million mortgages on single-family owner-occupied properties, and more than 1,500 mortgages on multifamily properties.²

Exhibit A-1 summarizes our performance for the single-family affordable housing goals, listing for each affordable housing goal the regulatory benchmark, our performance against the benchmark in 2014, the dollar volume of goal-qualifying mortgages that Freddie Mac purchased in 2014, and the number of goal-qualifying mortgages. Exhibit A-2 summarizes our performance for the multifamily affordable housing goals, listing for the multifamily goal and subgoal, the regulatory targets, our performance against the targets in 2014, and the dollar volume of goal-qualifying units that Freddie Mac financed in 2014. Our official performance will be determined by FHFA.

¹ The statistical and financial information included in this report and in the tables referenced in this report may not be comparable to information provided in Freddie Mac’s public disclosure documents, including Monthly Volume Summaries and reports filed with the U.S. Securities and Exchange Commission, as the statistical and financial information included in this report and in the tables has been compiled and aggregated in accordance with specific regulatory guidelines. The information presented in the exhibits (and described in the related discussion) is derived from certain tables included in Freddie Mac’s 2014 Annual Mortgage Report (2014 AMR). The 2014 AMR is being delivered to FHFA with this report.

² The vast majority of these single-family and multifamily mortgages funded “eligible housing units” for purposes of the housing goals, and thus was used as the basis for calculating our performance under the housing goals.
Exhibit A-1:  
Freddie Mac’s 2014 Single-Family Affordable Housing Goals Performance

<table>
<thead>
<tr>
<th>Goals</th>
<th>2014 Benchmark</th>
<th>2014 Market</th>
<th>2014 Performance</th>
<th>Volume ($Millions)</th>
<th>Owner-Occupied Mortgages Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Income Purchase Goal</td>
<td>23%</td>
<td>As determined by FHFA</td>
<td>20.96%</td>
<td>$14,828</td>
<td>108,948</td>
</tr>
<tr>
<td>Very Low-Income Purchase Goal</td>
<td>7%</td>
<td>As determined by FHFA</td>
<td>4.85%</td>
<td>$2,524</td>
<td>25,232</td>
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<tr>
<td>Low-Income Areas Purchase Goal</td>
<td>18%</td>
<td>As determined by FHFA</td>
<td>20.15%</td>
<td>$18,225</td>
<td>104,718</td>
</tr>
<tr>
<td>Low-Income Areas Subgoal</td>
<td>11%</td>
<td>As determined by FHFA</td>
<td>13.62%</td>
<td>$12,941</td>
<td>70,795</td>
</tr>
<tr>
<td>Low-Income Refinance Goal</td>
<td>20%</td>
<td>As determined by FHFA</td>
<td>26.41%</td>
<td>$18,198</td>
<td>138,716</td>
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</tbody>
</table>

Exhibit A-2:  
Freddie Mac’s 2014 Multifamily Affordable Housing Goals Performance

<table>
<thead>
<tr>
<th>Goals</th>
<th>2014 Benchmark (Units)</th>
<th>2014 Performance (Units)</th>
<th>Volume ($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low-Income Goal</td>
<td>200,000</td>
<td>273,432</td>
<td>$15,336</td>
</tr>
<tr>
<td>Very Low-Income Subgoal</td>
<td>40,000</td>
<td>48,689</td>
<td>$1,930</td>
</tr>
</tbody>
</table>

Pursuant to FHFA regulations promulgated under section 1336(b)(2) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA), as amended by the Federal Housing Finance Regulatory Reform Act of 2008 (enacted as part of the Housing and Economic Recovery Act of 2008), Freddie Mac may achieve a single-family housing goal or subgoal by meeting or exceeding either the FHFA benchmark or the share of qualifying loans originated by the market, as calculated from Home Mortgage Disclosure Act (HMDA) data.

The 2014 HMDA data is not expected to be released until the fall of 2015. At that time FHFA will have all the necessary information to make a final determination of our 2014 Affordable Housing Goals performance.

In 2014, Freddie Mac also financed 6,415 low-income rental units in single-family 2-4 unit properties in which an owner-occupant resides in the first unit.

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3 Figures calculated by Freddie Mac. Final performance will be calculated and published by FHFA.
4 Id.
5 2014 Performance (Units) excludes 150 Low-Income Goal units from a supplemental loan that are included in the associated 2014 Annual Mortgage Report.
6 12 CFR §1282.12.
B. Information Required Under § 307(f)(2)(B)

§ 307(f)(2)(B) requires that this report include, in aggregate form and by appropriate category, statements of the number of families served by the Corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed.

In 2014, Freddie Mac financed housing for almost 1.7 million families, including more than 1.2 million single-family owner-occupied and rental units and more than 413,000 multifamily rental units.

The following exhibits provide the information required under § 307(f)(2)(B).

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**Exhibit B-1:**

**Freddie Mac’s 2014 Single-Family Owner-Occupied Mortgage Purchases, by Borrower Income**

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7 Additionally, Freddie Mac provided financing for approximately 14,000 multifamily cooperative units.
Exhibit B-2:
Freddie Mac’s 2014 Single-Family Owner-Occupied Mortgage Purchases, by Race/Ethnicity of Minority Borrowers

![Bar chart showing race/ethnicity distribution](chart1)

Note: The "Other" category includes American Indian or Alaskan Native, Native Hawaiian or Other Pacific Islander, mortgages that have White and minority co-borrowers, and mortgages where a borrower defines him or herself to be of two or more races. The Hispanic borrower category overlaps with other minority categories, since borrowers may define themselves to be of Hispanic ethnicity and also belong to one or more racial classifications. Minority shares exclude mortgages where (a) ethnicity is non-Hispanic and race is missing, (b) race is White and ethnicity is missing, or (c) both race and ethnicity are missing.

Source: Table 5A & 5B of the 2014 AMR.

Exhibit B-3:
Freddie Mac’s 2014 Single-Family Owner-Occupied Mortgage Purchases, by Borrower Gender

![Bar chart showing gender distribution](chart2)

Note: These calculations exclude those mortgages for which we do not have borrower gender information.

Source: Table 6 of the 2014 AMR.
Exhibit B-4:
Freddie Mac's 2014 Single-Family Units Compared to 2013 Occupied Single-Family Housing Units, by Census Region

Note: Housing Unit data from 2013 American Community Survey.
      Does not include Puerto Rico, Guam or U.S. Virgin Islands.

Exhibit B-5:
Freddie Mac's 2014 Single-Family Owner-Occupied Mortgage Purchases,
by Borrower Income Relative to Area Median Income

Note: These calculations exclude those mortgages for which we do not have borrower income information.
      Source: Table 2 of the 2014 AMR.
Exhibit B-6:
Freddie Mac's 2014 Single-Family Owner-Occupied Mortgage Purchases, by Minority Concentration of Census Tract

Source: Table 7 of the 2014 ARM.

Exhibit B-7:
Freddie Mac's 2014 Multifamily Rental Units, by Affordability Relative to Area Median Income

Note: These calculations exclude those rental units for which we do not have rent information.
Source: Table 1 of the 2014 ARM and registry files.
C. Information Required Under § 307(f)(2)(C)

§ 307(f)(2)(C) requires that this report include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under federal law.

In 2014, Freddie Mac purchased or guaranteed over $213 million in single-family mortgages (financing approximately 1,800 mortgages) and over $1.2 billion in multifamily mortgages (financing approximately 19,500 units) that had been used in conjunction with various federal public subsidy programs including the following:

- the Federal Housing Administration (FHA) program;
- the Veteran Administration (VA) program;
- the U.S. Department of Agriculture’s Guaranteed Rural Housing program;
- Mortgage Revenue Bonds (MRBs) issued by various state and local housing finance agencies (HFAs); and
- Section 8 and Section 236 programs.

In addition, Freddie Mac securitizes pools of multifamily mortgage revenue bonds under its Tax-Exempt Bond Securitization (TEBS) execution and credit enhances tax-exempt multifamily mortgage revenue bonds through its bond credit enhancement program. These transactions totaled over $1.2 billion in 2014, financing approximately 10,600 units for low-income families.

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8 This figure does not include loans facilitated through Freddie Mac’s guarantee of mortgage revenue bonds through the Housing Finance Agency Initiative. For more information on this initiative, see Section K.
D. Information Required Under § 307(f)(2)(D)

§ 307(f)(2)(D) requires that this report include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the Corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.

In 2014, Freddie Mac purchased almost 204,000 mortgages of first-time homebuyers, representing 39.1 percent of the owner-occupied, purchase money mortgages for which information on the borrower’s ownership history is available.9

Freddie Mac also facilitated homeownership opportunities for first-time homebuyers through its support of housing finance agencies under the Housing Finance Agency (HFA) Initiative. Freddie Mac is one of the lead organizations administering the HFA Initiative. Freddie Mac helped develop a securitization execution whereby Treasury purchased partially guaranteed GSE securities backed by tax-exempt (and certain taxable) bonds issued by the HFAs that enables the HFAs to originate mortgages to low- and moderate-income borrowers at affordable rates. Freddie Mac also provided substitute credit and liquidity facilities to HFAs to replace their existing liquidity facilities. For more information on the HFA Initiative see Section K.

E. Information Required Under § 307(f)(2)(E)

§ 307(f)(2)(E) requires that this report include, in aggregate form and by appropriate category, the data provided to the Director of FHFA under subsection (e)(1)(B) [loan-to-value ratios of purchased mortgages at the time of origination].

Exhibit E compares the LTV distribution on the goal-qualifying, single-family owner-occupied mortgages acquired by Freddie Mac in 2014 to the LTV distribution on all single-family owner-occupied mortgages acquired by Freddie Mac in 2014, as measured at the time of origination.

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9 We do not have information on the borrower’s ownership history for 0.03 percent (153) of the single-family, owner-occupied, purchase money mortgages we purchased in 2014. Therefore, we excluded those mortgages from the calculations underlying the information presented in this section.
§ 307(f)(2)(F) requires that this report compare the level of securitization versus portfolio activity.

In 2014, Freddie Mac securitized approximately $276 billion in single-family and multifamily mortgages and purchased approximately $12 billion of single-family and multifamily mortgages for its portfolio, net of mortgage loan securitizations during the year.  

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10 Includes approximately $7.8 billion of non-Freddie Mac mortgage-related security purchases.
G. Information Required Under § 307(f)(2)(G)

§ 307(f)(2)(G) requires that this report assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending.11

Freddie Mac regularly evaluates market conditions, the credit environment and the performance of our mortgage purchases in an effort to ensure that our underwriting standards, business practices, repurchase requirements, pricing, fees and procedures serve our mission to provide liquidity and stability to the conforming mortgage market, and to promote affordable housing and fair lending.

During 2014, Freddie Mac continued to take steps consistent with prudent risk management to manage the risk of our credit terms, provide mortgage credit risk leadership in the marketplace, and help lenders make mortgage financing available for homeowners on terms intended to sustain successful homeownership. In doing so, Freddie Mac made the following significant credit policy changes and enhancements in 2014:

Continued to refine the selling Representation and Warranty Framework previously introduced in 2012. Enhancements made in 2014 provide lenders with additional surety as to when a mortgage becomes eligible for relief from certain specified selling representations and warranties, and include:

- Relaxing the acceptable payment history requirement
- Permitting earlier relief for mortgages that receive a satisfactory Freddie Mac Quality Control review
- Revising requirements related to the life-of-loan representations and warranties for misstatements, misrepresentations, omissions and data inaccuracies

Continued to enhance our Relief Refinance Mortgage (HARP) offering to increase lender participation and reach more borrowers by:

- Participating in several HARP outreach events along with FHFA in cities having large borrower populations that could benefit from HARP
- Increasing the amount of HARP mortgage proceeds that may be used to pay closing costs, financing costs prepaids and escrows
- Permitting a fixed-rate mortgage to be refinanced into an adjustable-rate mortgage (ARM) provided the refinance results in a reduction in the monthly principal and interest payment of a borrower’s first lien mortgage

11 As implemented by § 81.43(a) of the U.S. Department of Housing and Urban Development’s regulations, 24 C.F.R. § 81.43(a) (2005).
Reinforced Freddie Mac’s commitment to lending on Rural Housing by:

- Addressing and clarifying to our lenders various misconceptions on Freddie Mac requirements that apply to rural housing
- Providing specific guidance regarding existing Freddie Mac requirements on appraiser selection, property eligibility and “unique” properties, and the selection and use of comparable sales and market area analysis

Expanded our affordable lending in an effort to increase borrower access to mortgage credit by:

- Introducing Freddie Mac’s Home Possible Advantage, a Home Possible offering with the additional flexibility of 97% maximum loan-to-value (LTV) and 105% maximum total LTV (TLTV) ratio limits (see Section K)
- Expanding certain other requirements for Home Possible Mortgages such as:
  - Permitting any secondary financing meeting Freddie Mac requirements (no longer limited to Affordable Seconds)
  - Permitting Home Possible Mortgages to be manually underwritten without being submitted to LP first
  - Raising the maximum monthly debt payment-to-income ratio for manually underwritten mortgages from 43% to 45%

Provided additional clarity and tools for lenders originating mortgages secured by condominiums units by:

- Detailing the sequential process flow of Freddie Mac's Condominium Project review and eligibility requirements, which supports an efficient and effective workflow
- Reorganizing underwriting content within the Single-Family Seller/Servicer Guide
- Clarifying our streamlined review requirements for certain condominium unit loans

Continued to manage our insurance requirements and made expansions to our Single-Family Seller/Servicer Guide for both flood insurance and insurance loss settlements by:

- Eliminating mandatory flood insurance requirements for a non-residential detached structure that is part of a primary residence
- Expanding insurance loss settlements to allow initial insurance loss settlements up to $40,000 if the mortgage status at time of notification of loss is current or less than 31 days delinquent
H. Information Required Under § 307(f)(2)(H)

§ 307(f)(2)(H) requires that this report describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress, toward standardization and securitization of mortgage products for multifamily housing.

National Trends in the Primary and Secondary Multifamily Mortgage Markets

The multifamily market continued to experience solid fundamentals during 2014. Recent data reported by Reis, Inc. indicated that the national apartment vacancy rate increased slightly to 4.2% in 2014 from 4.1% in 2013, however it remains low compared to the cyclical peak of 8% reached at the end of 2009. In addition, Reis, Inc. reported that effective rents (i.e., the average rent paid by the tenant over the term of the lease adjusted for concessions by the landlord and costs borne by the tenant) grew by 3.6% during 2014. Vacancy rates and effective rents are important to loan performance because multifamily loans are generally repaid from the cash flows generated by the underlying property and these factors significantly influence those cash flows.

We expect that the new supply of multifamily housing, at the national level, will be absorbed by market demand in the near term, driven by continued strength in the economy and favorable demographics. However, new supply may outpace demand in certain local markets, which would be evidenced by excess supply and rising vacancy rates. As multifamily market fundamentals improved in recent years, other market participants, particularly banking institutions, increased their activities in the multifamily market. We expect that our new multifamily business activity, excluding affordable housing loans, loans for smaller multifamily properties, and loans for manufactured housing rental communities, will increase in 2015 compared to 2014, but will be below the cap specified by the 2015 Conservatorship Scorecard of $30.0 billion in UPB.

As a result of the solid market fundamentals and continuing strong portfolio performance, we expect our credit losses and delinquency rates to remain low in the near term. We expect the performance of the multifamily market to continue to be solid in the near term and believe the long-term outlook for the multifamily market continues to be favorable.

As a result of our prudent underwriting standards and practices, and the continued solid multifamily market fundamentals, we believe that the credit quality of the multifamily mortgage portfolio remains strong. Multifamily credit losses (gains) as a percentage of the combined average balance of our multifamily loan and guarantee portfolios were (0.5) basis points, 0.9 basis points, and 2.8 basis points in 2014, 2013, and 2012, respectively, and our delinquency rate of 0.04% as of December 31, 2014 continues to be among the industry’s lowest.
Freddie Mac Multifamily Financing and Initiatives

Freddie Mac continued to provide liquidity to the multifamily market and meet the needs for affordable rental housing through credit enhancing or purchasing multifamily mortgages originated by a network of approved seller/servicers. During 2014, our total multifamily new business activity was $28.3 billion in UPB, providing financing for nearly 1,800 multifamily properties, representing approximately 413,000 apartment units. Approximately 90% of the units were affordable to families earning at or below the median income in their area. We estimate, based on data provided by the Mortgage Bankers Association, our multifamily new business market share will remain at 15% in 2014, the same as in 2013.

Our total new business activity increased from $25.9 billion in 2013 to $28.3 billion in 2014, of which $25.8 billion met the FHFA scorecard goal of maintaining the dollar volume of new multifamily business activity at or below the 2013 cap of $25.9 billion. The remaining $2.5 billion was excluded from the FHFA purchase cap since they are affordable housing loans, loans for smaller multifamily properties, and loans for manufactured housing rental communities. Over 90% of the 2014 new loan purchases were for securitization and we continue to pursue strategies to transfer risk for those loans that are not currently securitized. In addition, to expand liquidity and affordable housing in the multifamily mortgage market we began purchasing mortgage loans of manufactured housing communities as well as smaller balance loans in 2014. The 2015 Conservatorship Scorecard set a goal for us to maintain new multifamily business activity (excluding certain targeted loan types) at or below $30.0 billion in UPB.

Standardization and Securitization

Freddie Mac maintains a strong credit and capital management discipline. We follow a prior-approval approach when underwriting multifamily mortgages, allowing us to maintain our credit discipline by completing our own underwriting and credit review of each newly-originated multifamily loan internally before we accept it for purchase or guarantee. Our primary business model is to purchase held-for-sale multifamily loans for aggregation and securitization through the issuance and guarantee of multifamily K-Deal Certificates. Such K-Deal typically feature a wide range of investor options with stable cash flows and structured credit enhancement that transfers the vast majority of credit risk (i.e., expected credit losses) to third-party investors who hold the subordinated securities. The nature of our Multifamily business is based on the general concept that private investor capital absorbs the first and predominant losses before any taxpayer exposure; we believe this positions the business well for the future. In 2014, Freddie Mac purchased $24.5 billion in multifamily mortgages, through the Capital Markets ExecutionSM (CME) program and executed seventeen K Certificate issuances backed by $21.3 billion of multifamily loans. The 2014 CME loan purchases are approximately 7% higher than the 2013 CME multifamily loan purchase volume. Since 2009,
Freddie Mac has securitized $92.8 billion in multifamily mortgages backed by 5-, 7-, and 10-year collateral, as well as floating rate and senior housing mortgages. Of the $92.8 billion securitization, Freddie Mac issued and guaranteed $79.3 billion in senior tranches and sold $13.5 billion in subordinated tranches to third party investors.

Freddie Mac requires loans purchased through the CME program to be more standardized than the historic norm because the senior and subordinated tranche investors expect to be able to readily understand the terms and performance of the underlying loans of the security they purchase, therefore the loans need to be homogenous. The securitization model allows Freddie Mac to access more potential capital sources and provides Freddie Mac with additional opportunities to finance multifamily properties at competitive rates, while providing greater liquidity and stability to the multifamily marketplace.

I. Information Required Under § 307(f)(2)(I)

§ 307(f)(2)(I) requires that this report describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the Corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the Corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.

Two measures contrast the delinquency and default performance of mortgages serving low-and moderate-income (LMI) borrowers to the performance of mortgages serving borrowers who are above the area median income (non-LMI). In Exhibit I, the second column presents the ratio of early payment delinquency rates for LMI borrowers to that of non-LMI borrowers by acquisition year. The third column in Exhibit I presents the ratio of cumulative lifetime default rates for the two groups of borrowers.12

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12 The information presented in this section and in Exhibit I is based upon an analysis of unseasoned, conforming, conventional, forward amortizing, first lien, non-Graduated Equity Mortgages/Graduated Payment Mortgages. The delinquency (default) rates presented in Exhibit I were determined by dividing mortgages serving low- and moderate-income families by the delinquency (default) rates for mortgages serving households with incomes above the median level. Delinquency is defined as the borrower ever being 90 or more days delinquent on the mortgage within 12 months of Freddie Mac’s acquisition. Default is defined as a foreclosure, deed-in-lieu of foreclosure, or third party sale occurring at any point since Freddie Mac acquired the mortgage. With respect to the delinquency rate, we analyzed only the performance during the first year so that we could present a trend over time that avoided commingling mortgages of different ages. The analysis presented here does not control for other risk factors, such as LTV or credit history.
Exhibit I

Delinquency and Default Rate of LMI Borrowers
Relative to the Delinquency and Default Rate of Higher Income Borrowers

<table>
<thead>
<tr>
<th>Year of Acquisition</th>
<th>Relative Serious Early Delinquency Performance</th>
<th>Relative Ever Default Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>1997</td>
<td>1.7</td>
<td>1.8</td>
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<td>1998</td>
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<td>1.9</td>
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<td>1999</td>
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<tr>
<td>2013</td>
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<td>3.4</td>
</tr>
<tr>
<td>Average</td>
<td>1.7</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: Internal Freddie Mac delinquency study.

J. Information Required Under § 307(f) (2) (J)

§ 307(f)(2)(J) requires that this report describe in the aggregate the seller and servicer network of the Corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.

Freddie Mac purchases mortgages from a network of 1,961 lenders, benefiting borrowers across the U.S. and its territories. Freddie Mac purchases mortgages from all major lender types. Some of these firms sell mortgages to Freddie Mac on a regular basis, while others sell to Freddie Mac only occasionally. Of the total seller network, more than 1,207 lenders sold mortgages to Freddie Mac in 2014, and approximately 93 percent of those lenders are considered community-oriented lenders. In 2014, Freddie Mac purchased approximately $51 billion of mortgages from community-oriented lenders and approximately $68 billion of mortgages from regional lenders.
Freddie Mac’s ongoing efforts to facilitate relationships with community-oriented lenders supported our continued ability to source mortgages from these institutions. We renewed our Community Lending Alliance with the American Bankers Association and continued the alliance relationships with the Independent Community Bankers of America, the Credit Union National Association, and the Capital Markets Cooperative. In 2014, 472 lenders participated in the alliance program, which provides additional services to these customers, including customized training opportunities. Approximately 15 percent of the dollar volume of mortgages that Freddie Mac purchased from community and regional lenders came from participants in the Community Lending Alliances.

Freddie Mac purchased approximately $6.9 billion in mortgages from minority-owned and women-owned lenders in 2014.

K. Information Required Under § 307(f)(2)(K)

§ 307(f)(2)(K) requires that this report describe the activities undertaken by the Corporation with non-profit and for-profit organizations and with State and local governments and housing finance agencies, including how the Corporation’s activities support the objective of comprehensive housing affordability strategies under section 12705 of Title 42.

Freddie Mac undertakes numerous activities in support of affordable housing with state and local governments, housing finance agencies, our lender customers, and a wide variety of non-profit and for-profit organizations. The following section describes some of the affordable housing initiatives Freddie Mac continued to take in 2014 that should also support the objectives of the Cranston-Gonzalez National Affordable Housing Act.

Housing Finance Agency Initiative

Since 2009, on behalf of the U.S. Department of the Treasury, Freddie Mac along with Fannie Mae and State Street Global Advisors served as the lead organizations managing the implementation and administration of the Housing Finance Agency (HFA) Initiative – New Issue Bond Program (NIBP) and Temporary Credit and Liquidity Program (TCLP). Freddie Mac also worked closely with FHFA and US Bank Corporate Trust.

As part of the Obama Administration’s Homeowner Affordability and Stability Plan, the HFA Initiative is an interim solution designed to assist state and local HFAs’ lending programs and support their infrastructure.

Throughout all of 2014, Freddie Mac dedicated significant corporate resources to continue to manage both the NIBP and TCLP. Specifically, staffs from Legal, Counterparty Credit, Single Family and Multifamily, were involved the entire year to ensure effective and property governance of the program.
The HFA Initiative consists of two main components:

- New Issue Bond Program (NIBP) – To enable the HFAs to originate mortgages to low- and moderate-income borrowers at affordable rates, Freddie Mac and Fannie Mae developed a securitization execution whereby Treasury purchased partially guaranteed GSE securities backed by tax-exempt (and certain taxable) bonds issued by the HFAs. The HFAs used the proceeds from bond issuances to originate new single-family and multifamily mortgages. Total completed issuance through the expiration of the program in 2012, including simultaneous and drawn funds from escrow, totaled $12,467,505,000 representing over 86 percent of allocated funds. Single-family program bond issuance totaled $10,432,965,000, (approximately 84 percent of total allocations) and multifamily program bond issuance totaled $2,694,470,000 (over 95 percent of total allocations). Additionally, $75,070,000 of SF allocation was transferred to multifamily per the extension agreement of November 2011. All transactions were executed on the dates requested by the HFAs with no errors or failed conversions. Freddie Mac continues to administer the program jointly with Fannie Mae.

- Temporary Credit and Liquidity Program (TCLP) – Under the TCLP, Freddie Mac and Fannie Mae provided substitute credit and liquidity facilities to HFAs to replace their existing liquidity facilities. Freddie Mac, together with Fannie Mae, will provide, on a standby basis, credit support and liquidity guaranties for certain variable rate single-family and multifamily housing revenue bonds. HFAs are required to convert to private liquidity providers as competitive facilities become available to them. Two state HFAs have successfully exited the TCLP in 2014. Effective December 31, 2014, two HFAs remain in the TCLP. Total TCLP balance outstanding as of December 31, 2014 was $737,135,000 including single-family and multifamily. The TCLP program will expire on December 31, 2015.

Additionally, on December 18, 2014, Freddie Mac announced a new low- and moderate-income mortgage purchase program, that included a program specifically created for State and Local Housing Finance Agencies. In our effort to increase access to mortgage credit, we introduced Freddie Mac’s Home Possible Advantage, a Home Possible® offering with the additional flexibility of 97% maximum loan-to-value (LTV) and 105% maximum total LTV (TLTV) ratio limits. Home Possible Advantage provides a responsible financing option for qualified low- and moderate-income Borrowers, including first-time homebuyers, who may lack funds for a larger down payment. This new offering will be available for Mortgages with Freddie Mac Settlement Dates on or after March 23, 2015.

Making Home Affordable and Other Foreclosure Prevention Activities

In 2014, Freddie Mac continued to support the Making Home Affordable program through outreach initiatives, events, and activities with housing professionals. Freddie Mac staff and representatives participated in 34 borrower outreach events, which included Treasury, HOPE NOW Alliance, Congressional, Servicer, non-profit and industry events. In support of
foreclosure prevention efforts, Freddie Mac also conducted 31 trainings and educational sessions for housing counselors on foreclosure alternatives and Freddie Mac specific policies such as the Streamline Modification, Standard Short Sales, Standard Deed-In-Lieu, and Relief Refinance (HARP). A total of 3,369 housing counseling professionals attended these sessions.

**Borrower Help Centers/ Borrower Help Network**

In order to assist delinquent borrowers avoid foreclosure, Freddie Mac continued to maintain "Borrower Help Centers" with selected non-profit organizations in several metropolitan areas. In these centers, delinquent borrowers receive free, in-person, face-to-face financial reviews and counseling assistance through a trusted intermediary. Freddie Mac also continued to develop the “Borrower Help Network” with a national non-profit organization to provide free, phone-based financial reviews and counseling assistance to a targeted group of pre-identified delinquent borrowers nationwide who have not responded to previous contact attempts from their mortgage servicer. As of the end of 2014, we have a total of 13 Borrower Help Centers and Network organizations across the country.

The “Borrower Help Centers & Network” initiative is designed to encourage delinquent borrowers to pursue mortgage workouts whenever possible. Through this initiative, Freddie Mac wants to leave no stone unturned in helping struggling homeowners keep their homes. In 2014, the Borrower Help Centers and Borrower Help Network solicited 57,099 delinquent Freddie Mac borrowers, made right party contact with 11,904 borrowers, counseled 4,514 of them, and assisted 2,491 loans to be reinstated after contact. The year was concluded with 2,655 foreclosures avoided as a result of this outreach.

**Other Initiatives with Non-Profits**

Freddie Mac continues to engage non-profit organizations, lenders and housing professionals in educational and outreach initiatives designed to inform and prepare homebuyers and homeowners on how to build and maintain better credit, make sound financial decisions and understand the steps to successful long-term homeownership. The educational tools used to support these initiatives include, “CreditSmart,” a multilingual financial education curriculum, “CreditSmart Online” in English and Spanish, “Your Step-By-Step Mortgage Guide,” “Get the Facts on Homeownership,” and “Take Root” outreach campaigns. 2014 has seen a significant increase in requests for CreditSmart training and materials from non-profits we work with as they are beginning to see an increase in the numbers of people wanting to enter or re-enter the home buying space.
Regional and Local Initiatives

Freddie Mac pursued loss mitigation efforts through various non-profit organizations on regional and local basis’ to connect struggling borrowers with information they need to get them back on their feet. Through 39 separate initiatives conducted in 2014, we were able to reach 42,419 consumers and 3,369 industry professionals with information and training on alternatives to foreclosure and resources to better connect with the servicer.

Freddie Mac also undertakes numerous outreach initiatives designed to expand homeownership opportunities in minority and underserved communities in states and localities across the country. These initiatives include financial literacy, homebuyer education and counseling, access to bilingual homeownership information and counseling, outreach to military service members, outreach to women and outreach to individuals and families with disabilities. In 2014, Freddie Mac created 33 new outreach initiatives, reaching 141,700 consumers and 9,259 industry professionals to guide and educate them on responsible financial practices and homeownership opportunities.

Affordable Housing Advisory Council (AHAC)

In October 2014, Freddie Mac held its annual Affordable Housing Advisory Committee (AHAC). The participants included approximately 120 representatives from the company’s Seller/Servicers, housing nonprofits, national advocacy groups, realtors, realtists, other industry groups, and Freddie Mac executives from across the company. The meeting provided an opportunity to collaborate and share insights about Freddie Mac’s affordable housing efforts, policies, and initiatives. It also provided the chance to discuss key obstacles to affordable housing. Topics included access to credit in the single-family market, access to affordable rental housing, and neighborhood stabilization efforts. Among other things participants called for an orchestrated, grass roots effort that would help get the industry aligned at the local level to maximize resources, hone ideas, and rebuild communities.

Hurricane Sandy Outreach Response

In the aftermath of Hurricane Sandy in 2012, Freddie Mac continued during 2014 to work together with community organizations to ease the burden for families hit hard by the disaster. Freddie Mac continued to work with many local New York and New Jersey non-profits to assist affected residents to address long-term recovery. These efforts included participating in activities that would continue educating industry professionals on Freddie Mac’s disaster relief policies and resources. Through a holiday donation drive, Freddie Mac employees provided food items, toys, gift baskets, and safety preparedness bags to New York and New Jersey non-profit organizations to help those still struggling two years after the disaster.