

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018

LOAN PRODUCT

ACTIVITY:

Activity 8 – Support for Shared Equity Programs for Affordable Housing Preservation; Regulatory Activity.

OBJECTIVE:

Objective A: Develop Product Flexibilities and Guidelines that Facilitate New Mortgage Originations Under Shared Equity Programs.

ACTIONS:

Freddie Mac exceeded its objectives by facilitating a secondary market for mortgages in support of shared equity programs through our Guide, rather than through a pilot. We deepened our understanding of barriers and opportunities facing the shared equity homeownership market, with emphasis on Community Land Trusts (CLTs), and used that knowledge to design product flexibilities that not only facilitate lending but also help preserve affordable units over time.

2018 highlights:

- *Since the ability of shared equity programs to create new homeownership opportunities with lasting affordability depends on access to subsidy funds, we supported and participated in researching the feasibility of alternative funding sources for shared-appreciation programs, a creative alternative to existing types of shared equity programs. We collaborated on the publication of the research above, sharing our learnings with the market. The paper identified barriers, presented mortgage product considerations and included recommendations for local or regional market participants. Given the research results and because Freddie Mac already provided certain flexibilities to finance properties with deed restrictions, we focused our product development efforts on CLTs.*
- *We assessed existing mortgage products for resale restricted properties and properties on leasehold estates owned by CLTs.*
- *In collaboration with Grounded Solutions Network (GSN), we conducted outreach to shared equity program providers to inform our product development.*
- *Based on lender feedback, we designed underwriting guidelines that address complexities of available products, which prevent lenders from making loans on resale-restricted homes.*
- *We introduced our CLT Mortgage offering with servicing requirements that help shared equity program providers preserve affordable units over time. Specifically, we created a required communication process between servicers and CLTs, which addresses an existing market gap and allows CLTs to act as effective stewards for delinquent borrowers. The CLT Mortgage can be used with most products, including our Home Possible and Home One products.*
- *We consolidated our shared equity requirements into one Guide chapter to make them easier to find.*
- *We included collateral valuation requirements for CLT properties, which had originally been contemplated for a pilot offering, and updated collateral valuation requirements to better support lending for deed restricted properties.*
- *To maximize the impact of our actions, we published uniform legal documents broadly instead of limiting their use to pilots.*
- *To maximize our market reach, we partnered with GSN to train shared equity providers and lenders.*

Our efforts will increase access to financing of properties subject to resale restrictions, including resale restrictions that limit the occupancy and resale of the property to individuals or households with very low, low-, and moderate-incomes.

Activity	2018 Actions
<p>1. Publish updated underwriting flexibilities in the Seller/Servicer Guide that reduce barriers to originating loans secured by properties in shared equity programs.</p>	<ul style="list-style-type: none"> • Published requirements for a new offering, the CLT Mortgage, which includes servicing requirements to help shared equity program providers preserve affordable units over time and help borrowers avoid foreclosure. Specifically, our requirements require servicers to notify CLTs of borrower default so they can intervene, provide with appropriate legal disclosures and a process to obtain borrower consent to enable servicers to share borrower default information, give CLTs more time to help the borrower avoid foreclosure, and has controls in place to prevent loans to go thru foreclosure if the CLT did not have an opportunity to help the borrower avoid foreclosure. • Published updated collateral valuation requirements for income-based resale restricted properties to specifically provide guidance on how to appraise properties with resales restrictions that terminate or survive foreclosure. • Reorganized applicable Guide sections, by shared equity program type, to make it easier for lenders and shared equity providers to find our requirements.
<p>2. Reorganize and consolidate applicable and updated shared equity requirements into a one section of our Guide.</p>	<ul style="list-style-type: none"> • Created new Guide chapter 4502 for Duty to Serve shared equity transactions involving CLTs. • Created new Guide chapter 4406 for mortgages secured by properties subject to resale restrictions. • Created new Guide chapter 8701 for servicing requirements for CLT Mortgages. • Conducted work to identify all existing requirements that support deed restricted properties; this included a legal review of over 35 Guide sections. • Consolidated all new, updated, and existing requirements in support of CLT and deed restricted properties into the newly created Guide chapters.
<p>3. Commission research and promote the publication of a white paper.</p>	<ul style="list-style-type: none"> • Provided funding to GSN to conduct research and collaborated with them to edit and organize the White Paper to: <ul style="list-style-type: none"> ○ Provide thought leadership to the field on shared equity homeownership structures, ○ Provide considerations to address when utilizing subsidy recapture strategies through shared appreciation loans, ○ Identify factors that must be addressed in mortgage products to finance shared equity homes, ○ Describe market conditions where shared appreciation loan funds are viable. • Provided thought leadership to GSN related to the research project • Drafted an article that was published in GSN's website about the research paper, its findings, and recommendations for the market
<p>4. Initiate a pilot program with, at least, five lenders to test concept product features and underwriting guidelines of loans secured by deed restriction properties; and test lender acceptance and operational execution of uniform legal documents to support the origination of loans made under CLT programs.</p>	<ul style="list-style-type: none"> • Distributed these underwriting guidelines and uniform legal documents broadly and included these in the Guide. These underwriting guidelines and new requirements provide support for all geographic areas including areas where home prices are least affordable and where lenders participation has been limited. • Because we included uniform legal documents in the Guide and based on lender feedback, we determined that separately testing acceptance of uniform legal documents was no longer necessary.
<p>5. Develop lender incentives to complement pilot programs.</p>	<ul style="list-style-type: none"> • Our original theory that providing lender incentives would increase the participation in this pilot. The incentive was meant to encourage lenders to test creative ways to address market challenges outside of the Guide. However, since we decided to support the market broadly, we did not see the need to provide special incentives to lenders. Instead, we focused on making it operationally easier to meet our product requirements which

would reduce operational complexities for lenders and may translate in reducing origination costs for them.

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

- Objective met
- Objective exceeded
- Objective partially completed:
 - 75-99% (substantial amount)
 - 50-74% (limited amount)
 - 25-49% (minimal amount)
 - 1-24% (less than a minimal amount)
- No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

If the self-assessment above indicated that the objective was partially completed, briefly explain the basis for the share of the objective that was completed. In the explanation, include a discussion of the level of effort expended for the completed actions compared to the level of effort required to complete the entire objective.

(Character limit: 3,000 characters, including spaces)

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

- 50 – Substantial Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

Answer the following questions.

1. How and to what extent were actions under this objective impactful in addressing underserved market needs or laying the foundation for future impact in addressing underserved market needs? (Character limit: 3,000 characters, including spaces)

Because we decided to offer products and underwriting guidelines more broadly than originally planned, our actions under this objective had a greater impact than originally anticipated. Our product flexibilities give lenders an option to finance properties in CLTs with income-based resale restrictions, providing more opportunities for affordable, sustainable homeownership. Our CLT Mortgage offering allows CLTs to better preserve affordability over time and keep affordable homes in their inventory more effectively than with other products by including requirements and prescribing processes to enable CLTs to help borrowers avoid foreclosure. It also provides opportunities for homeowners to tap into their home equity, in consultation with the CLT, to make home improvements which is a flexibility the market needs to continue to preserve aging inventories of affordable housing units in good shape.

CLTs' unique stewardship role is supported by our requirement that servicers notify the CLT earlier in the loss mitigation process about borrower's default. This provides them with more time and choices to prevent foreclosure and coordinate loss-mitigation activities. A key

feature of our servicing requirements, designed to help CLTs preserve their affordable housing inventories, is the requirement to extend a foreclosure referral, for an additional 60 days, in instances where the CLT is actively working with the borrower to sell the home to another eligible borrower. We also built controls to prevent loans from being referred to foreclosure without giving the CLT an opportunity to help a borrower in default. These features directly help preserve affordability of homes over time and enable CLTs to help borrowers avoid foreclosure.

Our offering will encourage increased lender participation in the shared equity homeownership field because of the simpler requirements for evaluating CLTs, clearer and simpler requirements for appraising leasehold interests, and guidance on collaborating with CLTs on delinquency management. Our underwriting requirements to assess the CLT are designed to reduce operational burdens and transactional costs, which presents an additional incentive for lenders to adopt our CLT Mortgage offering. By requiring the use of uniform legal instruments, our offering also addresses a key market challenge, which is the lack of standardization of legal documents used to record the resale restrictions.

Through our offering, more families with low and moderate incomes will have the opportunity to buy and own homes. This product gives them another homeownership option and lets them take advantage of our low down-payment Home Possible® product (among others). In addition, access to pre- and post-purchase counseling and support, a requirement under our offering, will help them prepare to be responsible homeowners over the long term. The servicing guidelines outline a required communication process that will let CLTs act more quickly to help struggling homeowners avoid foreclosure and stay in their homes.

2. **Optional:** How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation. (Character limit: 1,500 characters, including spaces)

As we completed more work than we originally planned for, we continue to run with that momentum. We are well-positioned to achieve our 2019 planned objectives. Additionally, by meeting objectives more broadly and ahead of our planned timelines, we will be able to focus on lender adoption and education more broadly which would spur more lender activity in this market. Launching our efforts more broadly than originally planned also gave us the ability to see more loan originations earlier than expected which should help provide more liquidity to the market sooner.

3. **Optional:** Are there any market factors that adversely impacted the actions under this objective? If so, describe. (Character limit: 3,000 characters, including spaces)
4. **Optional:** How did the actions under this objective contribute to increased or future loan purchases for the underserved market? (Character limit: 1,500 characters, including spaces)

The research conducted and published on shared-appreciation loans could prompt innovation around shared equity homeownership structures, it provides considerations for strategies to recapture subsidy funds through shared-appreciation loans and describes parameters for financing shared equity homeownership. Our white paper described the challenges that shared equity program providers face and explored a creative concept of leveraging a shared-appreciation loan fund as a program funding mechanism. The paper presented two conclusions. First: A national loan fund is not a viable means of boosting shared equity homeownership. The equity or debt capital investment needed to stand up the fund would come with a below-market rate, longer term, and higher risk than most investors would tolerate. Second: Grants and subsidies are critical to expand the shared equity market; locally based shared-appreciation loan funds would be more practical than a national fund. Additionally, the paper shared our learnings with the market, identified barriers to success that can be used in the future, presented mortgage product considerations lenders and secondary market participants can use in product development and included recommendations for local or regional market participants to pursue in the future. Finally, as described above, our CLT Mortgage offering will facilitate lending for shared equity programs.

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

Exhibit C:
Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 Q2: JANUARY THROUGH JUNE 2018
 LOAN PRODUCT

ACTIVITY:

Activity 8 – Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity.

OBJECTIVE:

Objective A: Develop Product Flexibilities and Guidelines that Facilitate New Mortgage Originations under Shared Equity Programs.

ACTIONS:

During the first half of 2018, Freddie Mac commissioned and promoted the publication of a white paper that provides thought leadership to the field on shared equity homeownership structures, provides considerations to address when utilizing subsidy recapture strategies, identifies factors that must be addressed in mortgage products, and describes market conditions where shared appreciation funds are viable.

During the first half of 2018, our focus was on research. We partnered with Grounded Solutions Network to publish the white paper, which analyzed an innovative approach to funding shared appreciation loan structures through a shared appreciation loan fund. Through this partnership, we learned of some of the challenges facing shared equity stewards. Additionally, Freddie Mac learned that a Shared Appreciation Loan Fund would not be viable to deliver shared equity ownership, since the equity or debt capital needs to be less than market-rate, longer-term and tend to be riskier than investors are willing to bear. The white paper concluded that grants and subsidy dollars are critical to scale the shared equity market, and that locally-based Shared Appreciation Loan funds would be more practicable than a nationally-based Shared Appreciation Loan fund.

In light of the white paper’s conclusions, Freddie Mac has focused our efforts on shared equity programs that utilize ground leases or deed covenants to preserve affordability over time instead of programs that utilize secondary financing structured as a shared appreciation loan. During the first half of the year, Freddie Mac developed a proposed product offering that would provide guidance and requirements to help lenders underwrite mortgages for properties located on land owned by community land trusts.

Grounded Solutions Network gathered feedback from market representatives and shared this feedback with Freddie Mac, which we have been analyzing to determine how to best incorporate it into our final product offering to be launched later this year. Freddie Mac is on target to launch a Guide offering to facilitate financing of properties on land owned by community land trusts by year end. Additionally, Freddie Mac has started to draft additional requirements and guidance to facilitate financing of properties with income-based deed restrictions designed to preserve affordability over long periods of time. Freddie Mac also plans to announce enhancements to our existing policies and underwriting requirements for properties with income-based deed restrictions by year end.

We believe that by completing this objective, as committed to in the first year of our Plan cycle, that lenders will have more confidence and guidance to originate loans and ultimately increase liquidity in this market.

Activity	Action Reference; Activity 8; Objective A	Status
Publish updated underwriting flexibilities to the Guide.	Action 1	<i>In Progress</i>
Consolidate updated shared equity requirements into a single section in the Guide.	Action 2	<i>In Progress</i>

Commission and promote white paper.	Action 3	<i>Completed</i>
Pilot program w/ 5 lenders to test concept product features and underwriting guidelines; shared equity programs serving geographic areas where homes are least affordable	Action 4	<i>In Progress</i> <ul style="list-style-type: none"> • Concept will not be limited to a pilot program as we plan on publishing all underwriting requirements in the Seller/Service Guide
Design incentive to complement pilot programs.	Action 5	<ul style="list-style-type: none"> • No longer applicable as all requirements will be published in the Seller/Service Guide

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the reporting period.

- On-target to meet or exceed the objective
- Progress delayed and/or partial completion of the objective expected
- Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

If the Enterprise is not on target to meet or exceed the objective, briefly explain why. (Character limit: 1,000 characters, including spaces)