

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 B: Inform Loan Product Design Through Loan Purchases.

ACTIONS:

Freddie Mac informed its product design activities through loan purchases. We purchased loans originated under shared equity programs despite market challenges. Our analysis of the loans purchased informed the design of our product offerings in support of the shared equity market, provided direct liquidity to lenders actively originating loans secured by properties in shared equity programs, established relationships with additional shared equity providers, and provided income-eligible families with sustainable homeownership.

2018 highlights:

- *Outreach to 34 lenders to discuss opportunities to sell loans to us, promote flexibilities we have in our product offerings and obtain feedback on the operational process to originate and service loans in shared equity programs.*
- *Purchases of 32 mortgages that were originated under shared equity programs.*
- *Submission of a policy assessment to FHFA that included an analysis of loan purchases in 2017 and 2018 highlighting the borrower profiles, geography for originations, active lenders, mortgage characteristics including loan-to-value ratios and average credit scores, and percentage of low- and moderate-income borrowers being served. The analysis revealed that most of our purchases were from low-income borrowers who were first time homebuyers located primarily in high cost areas. The assessment also included observations on the operational process to originate and service these mortgages based on lender feedback.*
- *Leveraging our analysis on loan purchases and lender feedback to design our shared equity offerings, which include a brand-new Community Land Trust (CLT) Mortgage offering and updated flexibilities to support financing of properties with income-based resale restrictions, published in our Seller/Service Guide.*

Purchasing loans originated under shared equity programs was more challenging than anticipated because lenders don't track these loans separately, there are very low volumes, and loans do not align with our product requirements. However, we were successful in obtaining volume by focusing our efforts on purchasing loans secured by resale-restricted properties, which helped inform our product design. We also partnered with Grounded Solutions Network (GSN) to identify shared equity programs with inventories of more than 30 affordable housing units and connected with the program providers to identify lenders actively originating loans in their programs.

Our loan purchases and market outreach enabled us to announce more comprehensive shared equity offerings in our Seller/Service Guide. Our shared equity offerings include full underwriting and servicing requirements for Community Land Trust Mortgages and Deed Restricted Mortgages secured by properties in shared equity programs. The servicing guidelines outline a communication process that will let CLTs act more quickly to help struggling homeowners avoid foreclosure and stay in their homes.

Activity	2018 Actions
1. Survey the market in partnership with program stewards, inclusionary housing programs, Freddie Mac lenders, and other financial institutions to identify seasoned loan pools for loan purchase on a negotiated basis.	<ul style="list-style-type: none"> • Worked with GSN to identify shared equity program providers with more than 30 units in their inventory. • Worked with GSN and the identified shared equity program providers to develop a list of targeted lenders. We focused on lenders that were actively supporting the programs we identified. • Conducted outreach to 34 lenders to discuss opportunities to sell loans to us, promote flexibilities we have in our product offerings and obtain feedback on the operational process to originate and service loans in shared equity programs.
2. Analyze loan purchases to inform product development; provide findings to FHFA.	<ul style="list-style-type: none"> • Freddie Mac analyzed and provided our finding to FHFA on our loan purchases from funded volume in 2017 and 2018, which, in combination with feedback from lenders and program providers, informed the design of our eligibility requirements, including but not limited to the maximum limits and calculation of loan-to-value ratios for purchase and refinance transactions, eligible properties, occupancy and loan purpose.
3. Bid on loan pools through market survey.	<ul style="list-style-type: none"> • Given the ineffective tracking of shared equity loans, very low volumes, and non-alignment with traditional underwriting requirements, we focused our efforts to purchase new loan production instead of pools of seasoned loans. • We purchased loans from existing pilots in support of local below market rate programs and purchased deed restricted mortgages tied to shared equity programs, under our existing requirements.

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*)

Our loan purchases under this objective provided direct liquidity for lenders, helped us inform our product design, and provided sustainable long-term affordable housing for more low- and moderate-income families.

Specifically:

- *Despite the challenges that we encountered at the outset, we bolstered lender participation in Below Market Rate programs and equipped the program providers with a new financing option to meet market needs. All but two of the 11 lenders in our pilot were new BMR Ownership program participants.*
- *It is anticipated that our product offering, which incorporates learnings from our purchases and lender feedback, will reduce operational burden on lenders and provide new options for lenders to participate in this market, which should spur additional lending activity in the future.*
- *Our actions also lay the foundation for future impact because they have given us insight into the challenges that lenders face in originating these mortgages and have given us an opportunity to approximate the size the market, despite the limited availability of production data, which will help us in defining purchase objectives in the next plan cycle.*
- *Our outreach to lenders to carry out this objective and our product development objectives generated significant awareness and interest in shared equity transactions across the industry, according to housing advocates, Grounded Solutions Network, The Florida Housing Coalition, and several CLT organizations.*

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*)

In addition to the insights gathered from our analysis work, identifying lenders to participate in the pilot also allowed us to collect information that assisted us in our shared equity product design work under Objective A. We conducted a fair amount of lender outreach, which specifically provided useful insights into how shared equity program providers, despite their ability to engage lenders to participate in their programs, have achieved varied results in getting lenders to actively originate loans in their programs. For example, one of the BMR Ownership program providers we partnered with has established partnerships with approximately 20 lenders but, based on our analysis of their transactions over a 12-month period, only 6 lenders originated loans and only 3 of those originated more than 2 loans. We used this information to design marketing and training for shared equity providers, under our objective A, that included recommendations on how to engage lender relationships more effectively.

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*)

Based on our market outreach, we found that lenders who originate shared equity loans might not track them separately; the loans cannot be isolated into distinct portfolios for sale into the secondary mortgage market. Additionally, annual origination volumes at the lender level are very low (typically between 10 and 40 loans per year); therefore, portfolio sales are not an economically viable business opportunity for a lender. And lastly, a portion of the market is being served by proprietary loan products that do not currently fit into GSE guidelines and typically do not carry mortgage insurance; further complicating efforts to purchase portfolio loans.

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*)

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 B: Inform Loan Product Design Through Loan Purchases.

ACTIONS:

To address the affordability challenges facing today's market, Freddie Mac is focusing on supporting shared equity programs and has made a deliberate commitment to bridge the gap of affordability and the purchase price of a home by leveraging loan purchases to help structure our product design.

During the first half of 2018, we have been developing comprehensive policy requirements to support the financing of homes that have income-based resale restrictions or where the land is owned by a community land trust. We anticipate publishing policies to support mortgages tied to shared equity programs in the second half of 2018. As we complete our product enhancements, we will survey the market to identify loan pools for purchase. Freddie Mac will bid on economically viable and available loan pools, on a negotiated basis, through a market survey and provide an assessment of the efficacy of the activity. Given that Freddie Mac's experience has been limited to small pool purchases, this objective will take significant effort to complete by the end of the year. We will be building relationships and dedicating resources to work with lenders on these transactions to market a comprehensive product offering beyond the first year of the Plan.

Activity	Action Reference – Activity 8; Objective B	Status
Survey the market to identify seasoned loan pools for loan purchase on a negotiated basis	Action 1	<i>In Progress</i>
Bid on loan pools through market survey	Action 2	<i>In Progress</i>

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)