Exhibit F:

Annual Investments Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2018 REPORT

EVALUATION AREA: INVESTMENT

ACTIVITY:

Activity 1 – High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

Objective J -- Engage in LIHTC equity investment

SUMMARY OF RESULTS:

	Investments			***Properties***
Baseline	*N/A*			*N/A*
2018 Target	*2*			*N/A*
YTD 2018 Volume	*5*			*5*
Incomes Targeted	*VLI units*	*LI units*	*MI units*	
	20	*249*	*249*	

Freddie Mac's 5 investments in 2018 dramatically exceeded our target of 2 LIHTC equity investments in high needs rural regions.

We received FHFA approval to reenter the LIHTC equity market in December 2017, and as a result, we started 2018 with no internal infrastructure, no syndicators, no pipeline of deals, no credit parameters, and only a skeleton crew team. In the same year, we built our business, used the entirety of our $500 million cap granted by FHFA, and devoted a significant portion of the cap to underserved and DTS markets—an unprecedented achievement. In high needs rural areas, we invested $35 million across 5 properties, supporting 249 income-qualifying units.

We did this through a proprietary fund model. This is an especially challenging and high impact model that requires deep involvement in these markets, enables us to better understand and respond to the needs of the market, and creates necessary competition for multi-investor funds that typically seek to maximize yields for economic investors.

Because of deliberate efforts and strategic planning from the onset of our program, we exceeded our targets. We identified syndicators in part based on their ability to run a proprietary fund and invest in rural markets –five of our six syndicators completed rural investments in 2018 and two closed high needs rural regions investments for us.

When viewed in the context of the national market, our work in high needs rural regions is especially remarkable. Per our analysis of National Housing Preservation Database (NHPD) data, over the past twenty years, there has been a national average of 1,350 LIHTC properties placed in service each year. High needs rural regions properties are only 6.7% of that.

In our first year of business, we made 5 investments in high needs rural regions, including 4 in Middle Appalachia and 1 in a Persistent Poverty County (PPC). These numbers should be viewed in the context of the $500 million cap imposed by FHFA. This requires us to strategically allocate our investments to support not just DTS, but also other FHFA identified underserved markets (for example, low investment transactions in top 10 CRA markets) and run a geographically diverse business (including markets that are not underserved) to effectively manage risk and ensure safety and soundness. Our 5 properties in high needs rural regions (out of 45 properties overall), *represents a greater share relative to the national market: 11% (5/45) of our investments were in high needs rural regions, which is nearly double the annual average share of properties placed in service that are in high needs rural regions (6.7%).*

In the context of both the small size of this market, and the limit on our investment authority, we had a direct substantial impact.

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes your 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

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)*

There are 3 definable categories of direct and substantial impact from our transactions this year: (A) Our proprietary fund model drives deeper focus on these markets and creates competition for multi-investor funds, (B) the greater share of our investments made in these areas relative to the national share of allocations to these markets, and (C) the community impact of the specific investments made.

A. *Our proprietary fund model provides substantial impact to the market beyond the Freddie Mac investment dollars placed. In order for syndicators to identify transactions, they must develop new relationships in these markets and then leverage these to pursue transactions for other investors. Due to our involvement, several syndicators are now engaging in high needs rural regions. This increases competition in and attention for these hardest to serve communities and can positively impact LIHTC equity pricing, which further stretches public subsidy. Our model also creates competition for multi-investor funds, which are typically more yield driven and may be able to pass less per credit for investments due to limited competition.*
B. *We closed a materially greater share of our investments in high needs rural regions compared to the share of allocations made to these markets on an annual basis. Per our analysis of NHPD data, over the past twenty years, there has been a national average of 1,350 LIHTC properties placed in service each year. High needs rural regions properties comprise 6.7 of those allocations, with 1.8% in Middle Appalachia, 2.6% in the Lower Mississippi Delta, and 2.3% in other PPCs. Our 5 properties in high needs rural regions, out 45 overall, represent 11% of our business, far more than the annual average share of properties placed in service that are in high needs rural regions (6.7%). Additionally, our 4 properties in rural Middle Appalachia represent 9% of our business compared to just 1.8% of the annual average of properties placed in service.*
C. *The two examples below highlight the positive impacts these investments made in the market.*

Property	*Butler Crossing II*	*Jevue Club*
Region	*Persistent Poverty County*	*Middle Appalachia*
Units	*42 units affordable at 50% or 60% AMI*	*40 units affordable at 40% or 60% AMI*
Details	*Butler Crossing II in Kingstree, SC is a new construction 42 townhome style development in which all of the units are affordable at or below 50% or 60% AMI. Though located in a PPC that has been particularly hard hit by economic downturns and lags behind the state of South Carolina as a whole (experiencing 2.1% employment loss whereas the state as a whole experienced a 9.4% employment gain between 2001 and 2016), we were able to make material investment in a property that is near jobs and where rents are well below market. These units are 47.9% below market rate rents and are close to retail (a grocery store is across the street) and jobs (0.2 miles from Williamsburg Regional Hospital and 0.5 miles from the main Kingstree commercial corridor). Additionally, transport is available with 24-hour notice through a nonprofit. Because properties in this market generally cannot support must-pay debt, substantial equity investment is required. Our equity is 82% of Total Development Costs (TDC), and just 8% of TDC is must-pay debt. Without this level of investment, this property could not have been built.*	*Jevue Club is a rehab of an existing 40-unit USDA-RD 515 family development in Middle Appalachia that is affordable to tenants making at or below 40% and 60% of AMI. These rents are 31% below market rate and are the lowest rents offered in the market at just $465 per month. Rehab was substantial in scope at over $50,000 per unit. Renovations included removal of all drywall, repairing and replacing plumbing and electrical systems, replacing all appliances, installing new flooring, replacing all windows, replacing all cabinetry and vanities, replacing roofing, and replacing the existing vinyl siding. Because properties in this market generally cannot support must-pay debt, substantial equity investment is required. Our equity is 82% of TDC and just 7% of TDC is must-pay debt. Without this level of investment, this property could not have been rehabbed.*

2. <u>Optional</u>: 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)*

Our investments in high needs rural regions prompted our syndicator network to establish new relationships, and deepen existing ones, to support our proprietary fund model. We anticipate that these joint efforts will better enable us to achieve our future investment targets. In addition, we consulted our syndicators in our 2018 Spotlight on Underserved Markets white papers that focused on LIHTC in high needs rural regions and populations. We will continue to leverage their expertise (and develop our own) through each transaction we do as well as for our 2019 DTS papers on the Lower Mississippi Delta and PPC markets.

3. <u>Optional</u>: Are there any market factors that adversely impacted the actions under this objective? If so, describe. *(Character limit: 3,000 characters, including spaces)*

There are three predominant factors that, when combined, adversely affect our ability to support this market at a significant scale: (A) the absolute size of the market, (B) sponsor and credit concerns with a subset of potential investments, and (C) the $500 million cap on our LIHTC equity investment authority.

A. *Per our analysis of NHPD data, an average of just 90 LIHTC properties are placed in service each year in high needs rural regions. This is an absolute limit on the number of investments we could make if we were the only investor in the market. Instead, we are one of several investors — local banks and multi-investor funds — and while we can provide stability to the market and compete on deals for the benefit of the market, it is not our aim to crowd out private capital investment or to act without discipline in order to achieve numerical targets.*

B. *Additionally, not every property placed in service would necessarily be a strong investment opportunity with a good credit risk profile. High needs rural regions, and rural markets generally, tend to have a different population of sponsors/property owners from the national market. In general, these sponsors are more locally oriented, have less net worth and liquidity, and less experience operating properties than national sponsors. This creates risk, so we must look at sponsor experience closely as part of our credit decisions.*

C. *The $500 million cap requires us to be strategic in the investments we make. We intend to run our $500 million LIHTC business with a strong mission focus and a diversified portfolio that enables us to manage risk and provide marketplace liquidity and stability for the long term. Our priority is to emphasize transactions that serve underserved markets, both nationally and in rural areas. However, serving underserved markets well and with long term, sustainable liquidity necessitates having a geographically balanced portfolio. Given that there is a cap on the amount of investment we can make, a DTS qualifying investment must be balanced against other investments.*

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)*

Our activities in 2018, which included both establishing our business and placing investments in high impact properties, laid a strong foundation for future investments in high needs rural regions. We cultivated relationships with syndicators and developers who are active in these markets, deepened our own knowledge of the markets from underwriting transactions and visiting communities, and encouraged our syndicators to deepen their presence in these markets. These successes will enable us to grow our support responsibly over time through higher annual targets. However, it is necessary to be mindful that the overall market size in high needs areas is limited by market factors from local economic challenges to the simple limit on the number of LIHTC allocations in these markets on an annual basis. Further, we must run a business that is geographically diverse and promotes long term stability and safety and soundness. We will look to find the optimal level of support for this market as we continue our business, and we will do so while being careful not to cause market disruption.

Attach the data specified for Investments objectives in Section 3 of this document.

RURAL HOUSING

1Q REPORT

EVALUATION AREA: INVESTMENT

ACTIVITY:

Activity 1 – High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

Objective J -- Engage in LIHTC equity investment

SUMMARY OF RESULTS:

	Investments
Baseline	N/A
2018 Target	2 High Needs Rural
1Q 2018 Volume	-

Since the implementation of our DTS Plan, we have developed product guidelines and built an internal team responsible for LIHTC Equity Investment. We are in the process of building long-term relationships with experienced LIHTC syndicators that have a history of working with established developers. We have also developed a mapping tool to be used by our approved syndicators to help them identify high-needs rural census tracts and determine if the properties they are targeting are located in such tracts. Simultaneously, we have been conducting market-leading research to better understand market needs.

All of these actions are consistent with our plan to build a strong and sustainable infrastructure with multiple syndicators prior to engaging in investments. We are developing these necessary partnerships, and have begun to see a wide range of investment opportunities for Duty to Serve. As a result, we are on track to achieve this objective by year end.

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):

N/A

Exhibit B:

Second Quarter Investments Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2Q REPORT

EVALUATION AREA: INVESTMENT

ACTIVITY:

Activity 1 – High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

Objective J -- Engage in LIHTC equity investment

SUMMARY OF RESULTS:

	Investments
Baseline	N/A
2018 Target	2 High Needs Rural
YTD 2018 Volume	-

LIHTC equity investment is often the most effective way to support affordable housing in high needs rural regions. Since the implementation of our DTS Plan, we have developed product guidelines and built an internal team responsible for LIHTC Equity Investment. We have specifically identified several experienced LIHTC syndicators that have a history of working with established developers. We are actively negotiating Partnership Agreements, all of which we expect to execute in the 3rd quarter. We have also developed a mapping tool to be used by our approved syndicators to help them identify high-needs rural census tracts and determine if the properties they are targeting are located in such tracts. Simultaneously, we have been conducting market-leading research to better understand this market's needs.

All of these actions are consistent with our plan to build a strong and sustainable infrastructure with multiple syndicators prior to engaging in investments. We are developing these necessary partnerships, and have begun to see a wide range of investment opportunities for Duty to Serve. We continue to monitor prospective LIHTC equity deals that feature strong sponsors, market returns, and have a focus on underserved markets. We currently have qualifying transactions that are on track to close in the third quarter. As a result, we anticipate achieving this objective by year end.

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):

N/A