

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC

MANUFACTURED HOUSING

2019

PRODUCT

ACTIVITY:

3 - Manufactured Housing Communities Owned by a Government Entity, Non-Profit Organization, or Residents: Regulatory Activity

OBJECTIVE:

B - Develop a New Offering for Resident-Owned Communities

ACTIONS:

In 2019 we continued our work to develop and test our MHROC offering and met our objectives in our plan for 2019.

Objective's components detailed in the Plan	<i>Corresponding actions taken</i>	<i>Explanation of any deviations from the Plan (if applicable)</i>
Engage in at least one transaction based on the Term Sheet published on 7/11/2018.	<p>Complete</p> <p>In 2018, ahead of schedule, we purchased an MHROC loan under our MHROC offering. In 2019, we engaged in two additional transactions. We found two MHROC opportunities and we quoted them both--a refinance in California quoted on 8/21/2019 (began discussions in May) and a conversion in New York quoted on 11/1/2019, (began discussions in July). As of the end of 2019, both MHROCs are still pursuing transactions, but have not moved forward due to challenges securing subordinate debt or grants necessary to close the gap between the first mortgage and the financing needed to successfully refinance or acquire the respective properties. Our experience suggests that transaction timelines on MHROCs are slower and less predictable than an investor-owned communities.</p>	
Update the Term Sheet based on pilot transaction(s) and market acceptance of the product to address transaction challenges and	<p>Complete</p> <p>We assessed the need to update our pilot term sheet and determined that it was not</p>	

<p>feedback identified during the pilot, while allowing for transaction customization as needed based on the market and borrower.</p>	<p>advisable or necessary to do so in 2019. We made this determination based on transactions in progress, conversations with lenders and industry stakeholders including ROC USA, Casa of Oregon, and Oregon Housing and Community Services. The transactions we saw can be accommodated with our current terms, and our credit policy provides enough flexibility to handle variations in transactions.</p>	
<p>We will view this pilot as successful if we are able to quote at least one ROC transaction and either purchase a loan as a result or receive recommendations from the seller/servicer and/or the borrower on how we might adjust product terms to better serve the market.</p>	<p>Complete This pilot has been successful because we purchased one ROC loan in 2018 (ahead of schedule) and quoted two additional loans in 2019. These additional loans have not yet closed, but through the process we received feedback highlighting the importance of subordinate debt for MHROCs and the need to accommodate it.</p>	
<p>Include lessons learned from the attempted transaction(s) in our report described in Objective A</p>	<p>Complete We included lessons learned in our paper “Manufactured Housing Resident-Owned Communities.”¹ Lessons are described below.</p>	

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

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

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

¹ https://mf.freddiemac.com/docs/dts_mhroc_report.pdf

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 in laying the foundation for future impact in addressing underserved market needs? (limit: 3,000 characters, including spaces)**

In 2019, we increased our ability to support the MHROC market while engaging in two transactions with the potential to close in 2020, and we identified the need—and our ability—to accommodate state and/or local subordinate debt on MHROCs. These efforts increase our ability for future impact on the market.

- a. We expanded the number of lenders who have quoted MHROCs to five. By growing the number of lenders learning about and quoting MHROC transactions, we have increased the opportunity for liquidity.
- b. We examined two transactions involving state and/or local subordinate debt, enabling us to better understand—and prepare for—the use of subordinate debt in MHROCs for these, and future, transactions.
- c. We also sought to grow our potential to support ROCs further by engaging directly with both a state housing finance agency (Oregon) that has an active subordinate debt program, and the leading technical assistance provider for conversions in the state (CASA of Oregon).
- d. In the coming years, properties that received financing in excess of the appraised value will have had time to pay down their debt and will be ready to refinance. As a result of our efforts, we are well positioned to provide liquidity for those refinance efforts so that CDFIs have capital returned to relend in support of new MHROC conversions.

These efforts are substantial, particularly given the nature and size of the MHROC market, which is very small in comparison to the overall MHC market, and the pace of MHROC transactions, which is slower than typical multifamily transactions or investor-owned MHCs. Based on our Manufactured Housing Resident-Owned Communities Research Report published November 2019, the MHROC market consists of only 2.4% of the broader MHC market, and 0.09% of households in the country. The vast majority of MHROC conversions are supported by organizations such as CDFIs that can provide capital in excess of the appraised value of the property—something that Freddie Mac cannot do—along with technical assistance. Such comprehensive support is necessary for most conversions of MHCs with low- and moderate-income residents who cannot generate the equity necessary to afford the share prices required to form a co-op and purchase a community.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them? (limit: 1,500 characters, including spaces)

We learned three important lessons:

- a. Subordinate debt and grants are important to successful ROC transactions. This is true for both limited equity conversions and refinances. In cases when the residents do not have the needed equity to close the deal, they must acquire alternative sources of capital. This increases the complexity of these deals and elongates the timeline needed to close. Additionally, depending on the structure of the subordinate debt or grant, it can increase risk in the transaction.
- b. Subordinate debt and grants are available. States and localities in different parts of the country have programs to provide subordinate debt or grants. For example, both California and Oregon offer programs that target MHC conversions. Oregon even provides a state tax incentive to any lender who provides financing for a conversion to buy-down the interest rate on the loan.
- c. The most important role for Freddie Mac is in refinancing MHROCs that are coming to the end of their initial loan terms. At the time of refinance, an MHROC has likely paid down its debt sufficiently to be able get a first-lien loan with little to no subordinate debt. The community may also no longer need technical assistance. In the coming years, more MHROCs that currently have high-leverage CDFI debt will reach the ends of their loan terms and need to refinance. Freddie Mac is positioned to help these communities recapitalize and reduce their debt-service.

3. Optional: If applicable, why were all components of this objective not completed? (limit: 1,500 characters, including spaces)

Not applicable

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

Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC

MANUFACTURED HOUSING COMMUNITIES

Q2 2019

EVALUATION AREA: PRODUCT

ACTIVITY:

Activity 3 – Manufactured Housing Communities Owned by a Government Entity, Non-Profit Organization, or Residents: Regulatory Activity

OBJECTIVE:

Objective B: Develop offering for Resident Owned Communities

ACTIONS:

Freddie Mac is on track to meet or exceed our planned actions for this objective. Our plan identifies three primary tasks: (1) attempt to engage in at least one ROC transaction, (2) update our term sheet based on market feedback if necessary, and (3) include lessons learned in our ROC research report identified in Activity 3, Objective A.

In 2018, we completed a ROC transaction—World Marine Estates, a 126 unit community in American Canyon, CA—ahead of our Plan schedule. In the first half of 2019, we began the review and quote process on a 125 unit community in California. As a result of these transactions and market feedback from our Optigo lenders, we have determined that no changes are necessary so far to our MHROC offering terms, though we will continue to consider changes if necessary. These transactions will inform our ROC research report as well.

Planned Actions	Actions Taken
<i>Engage in at least one transaction</i>	<i>Completed. In 2018 we completed a ROC transaction ahead of our Plan schedule. In the first half of 2019, we have begun to review and quote an additional ROC.</i>
<i>Update term sheet</i>	<i>Completed. Based on market feedback, we have determined at this time that no term sheet updates are necessary</i>
<i>Include lessons learned from the attempted transaction(s) in our report</i>	<i>In progress. We will include lessons learned from the attempted transactions in our report.</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):

N/A