

-Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

PURCHASE

ACTIVITY:

1 - Low Income Housing Tax Credits (Debt): Statutory Activity

OBJECTIVE:

A - Provide Liquidity and Stability Through LIHTC Loan Purchases

SUMMARY OF RESULTS:

	LIHTC Units	Properties
Baseline (2014-2016)	19,773	143
2020 Target (lesser of)	23,000	175
2020 Volume¹	58,259	413
Incomes Targeted	As required by LIHTC program	

In 2020, we purchased more loans on LIHTC properties and supported more DTS qualifying units than ever before while maintaining strong credit standards. Our 2020 loan purchases represent an increase of 195% over our baseline number of units, and a 189% increase over our baseline number of properties, a 153% increase over our target number of units, and a 136% increase over our target number of properties. This leads to a cumulative impact over the last three years of 154,487 units and 1,092 properties.

	Year	Units	Properties
	2018	41,926	306
	2019	54,302	373
	2020	58,259	413
Total		154,487	1,092

In 2020, Freddie Mac exceeded by 35,259 units our annual target for purchases of mortgages with LIHTC debt. Our success and substantial impact on the market resulted from long-standing investment in our business and loan offerings, our ability to leverage the capital markets to distribute risk away from taxpayers and access cost-effective private investment capital at significant scale, and our ability to provide counter-cyclical support in a time of crisis, as we saw in 2020 as a result of COVID-19. The pandemic disrupted the market in a myriad of ways, from construction delays, closures of local recording offices, job losses and income reductions, and even changes to fundamental business practices such as property inspections. With lives and livelihoods upset by the pandemic and its economic fallout, the importance of safe, decent affordable housing—and financing to preserve it—was especially apparent as residents nationwide had to spend more time at home, as jobs were lost, and incomes reduced. Our projected goal was to exceed our 3-year average from

2014-2016, and we ambitiously set our target over our baseline as the lesser of 23,000 units or 175 properties. This target is well above the historical volume of competitors in the market. While there are no reliable estimates of the total annual LIHTC debt origination market size, we have long been the GSE leader in this market. As such, we set our goals to ensure we could achieve a numerical measure of success without sacrificing market discipline, given that market challenges could limit opportunities to support LIHTC debt.

Through the volume of loans we purchased, the breadth and distribution of properties we supported, and the unique ability of our business model to attract private capital and distribute risk, and the counter-cyclical liquidity we provided, we had a substantial impact on the LIHTC debt market in 2020. We have also distributed risk away from Freddie Mac and the taxpayer: 76% of the loans on LIHTC properties which we purchased in 2020 have already undergone risk transfer or have risk transfer pending, while the remaining 24% await determination of the optimal risk transfer method.

(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
- 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)

Freddie Mac’s record purchase activity in 2020 had a substantial impact on the Affordable Housing Preservation market based on volume alone. Through our business process, we take a hands-on approach with each deal and each lender relationship in order to effectively apply our offerings, maximizing our impact across all markets. We actively work with

lenders on their pipelines and hold regular lender calls, fostering strong and effective partnership and communication. We offer borrowers great predictability due to our ability to hold our spread from quote to closing, a vital tool in every market, especially in uncertain times. Our LIHTC loan purchase volume in 2020 built upon our successes over the last 3 years, achieving extensive cumulative impact of 154,487 units and 1,092 properties. However, there were many additional factors that demonstrated our value and impact. These factors support the long-term provision of consistent, counter-cyclical liquidity to this segment of the market and are a direct result of the efforts of Freddie Mac, our OptigoSM lenders and our business model.

We supported a broad range of affordable housing in terms of geography and property size. Our support was national in scope, with 411 properties in 40 states and Washington, DC. Localities ranged from San Francisco, CA to Austin, TX, in cities as large as New York, NY (Pop. 8.5 million) and as small as Inman, SC (Pop. 2,759). The properties also varied in size; from a 13-unit property with all LIHTC units in Santa Rosa, CA to a 532-unit development with all LIHTC units in Las Vegas, NV.

We supported high impact properties, shown in two examples: (1) South Main Commons is a garden-style apartment in Manassas, VA that received 4% LIHTC and Freddie Mac debt at acquisition. This property is 100% affordable to tenants earning at or below 50% AMI in addition to 13 units receiving Section 8 tenant-based vouchers and all units being supported by LIHTC. (2) Raymond Villas is a 61-unit property Freddie Mac financed for acquisition and rehab in Pasadena, CA. Raymond Villas is designated for low-income residents and received a 4% LIHTC Tax-Exempt Loan as well as a Section 8 HAP Contract and financing from a state and local affordable program. The rehab includes improvements at the property level such as water system replacement, and 8 units have either accessibility or audio/visual modifications for disabled tenants.

Affordable housing plays an important role in stabilizing communities and protecting public health, demonstrating added impact of, and reliance upon, the liquidity we provide and the flexibilities we offer properties that receive financing through us. Tenants can benefit from protections offered by living in a property backed by Freddie Mac in conjunction with both federal programs and our forbearance program. LIHTC supports the preservation or creation on every property that receives the subsidy, which provides a substantial impact to all tenants in LIHTC properties.

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)

Freddie Mac has a long history of supporting the AHP market and LIHTC, which taught us about market needs. We continue to evolve our business to address them, especially in light of market disruptions due to COVID-19. In response to the pandemic, we adapted our practices to continue to provide liquidity despite changing market conditions. We were able to adopt virtual inspections to reduce travel and contact at properties, mitigating health risks for residents, property staff, lenders, and Freddie Mac employees.

We implemented debt-service reserves on certain property types where there was risk of tenant income loss that would not be made up with public subsidy. This reserve required the borrower to set aside additional funds in the event of lost rental income and allowed us to continue to lend in an uncertain environment and play a counter-cyclical role.

We recognized the growing need to combine major public subsidies such as LIHTC with state and local programs to close capital shortages. 65% of units in our LIHTC pipeline were combined with state and local programs in 2020. Our ability to maximize the impact of these subsidies was especially important in 2020, as states and localities also had to devote funds to COVID-19 relief measures. Our work to streamline our regulatory agreement analysis and refine our standard subordination agreement enabled us to work as efficiently as possible with these localities and agencies programmatically and on individual transactions.

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

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