

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2020

PURCHASE

ACTIVITY:

2 - Section 8: Statutory Activity

OBJECTIVE:

A - Provide Liquidity and Stability Through Section 8 Loan Purchases

SUMMARY OF RESULTS:

	Section 8 Units	Properties
Baseline (2014-2016)	16,721	106
2020 Target (lesser of)	18,000	135
2020 Volume	27,430	419
Incomes Targeted	As required by Section 8 program	

In 2020, Freddie Mac exceeded our annual targets for purchases of mortgages with Section 8 by 9,430 Section 8 units. Our success and substantial impact on the market resulted from investment in our business, innovative loan offerings, and 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.

In our 2020 DTS plan, our goal was to exceed our 3-year average from 2014-2016, and we ambitiously set our target over our baseline as the lesser of 18,000 units or 135 properties. While there are not reliable estimates of the Section 8 market size in terms of annual debt originations, we have long been a significant source of capital in this market. As such, we set our goals to ensure we could achieve impact without sacrificing market discipline. Our 2020 loan purchases represent an increase of 61% over our baseline number of units, 283% over our baseline number of properties, 50% over our target number of units, and 200% over our target number of properties. Our targets were already aggressive given market context and our prior purchase activity.

In 2020, we saw increased purchase activity compared to 2019 in terms of properties (from 362 to 419) and an increase in terms of the number of units (from 26,332 to 27,430 units). This is indicative of the unit mix on the properties we

financed—not all units in a property are Section 8 units and, depending on the properties we support in a given year, the number of Section 8 units per property can be higher or lower. This leads to a cumulative impact over the last three years of 81,003 units and 1,122 properties.

	Year	Units	Properties
	2018	27,241	341
	2019	26,332	362
	2020	27,430	419
Total		81,003	1,122

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 Section 8 market in 2020. We have also distributed risk away from Freddie Mac and the taxpayer: 81% of the loans on Section 8 properties which we purchased in 2020 have already undergone risk transfer or have risk transfer pending, while the remaining 19% 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 Section 8 market based on our 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 also 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 record Section 8 loan purchase volume in 2020 built upon our successes over the last three years, achieving extensive a cumulative impact of 81,003 units and 1,122 properties. We provided consistent, and countercyclical, liquidity to this segment of the market which was a direct result of the efforts of Freddie Mac, our OptigoSM lenders and the structure of our market-leading credit risk transfer model, which allows us to have a high impact on the market without added risk to the taxpayer. Through all of this we were able to provide vital liquidity to the market as other market participants exited in this time of crisis and uncertainty.

A) We supported high impact transactions:

- i. Maunakea Tower is a 380-unit high-rise apartment complex located in Honolulu, HI refinanced with Freddie Mac debt. The long-term Section 8 HAP contract covers 379 out of 380 units, providing affordable housing to low-income tenants through income restricted subsidy.
- ii. Pynchon Terrace is a 250-unit townhome-style apartment complex in Springfield, MA acquired by Freddie Mac in 2020. 100% of the units are rent and income restricted, providing affordable rent to low-income tenants throughout the entire property. This property is financed by a Section 8 HAP contract, as well as LIHTC debt and a state and local affordable program.

B) Our support was national in scope, with 409 properties in 43 states and Washington, DC. Localities ranged from San Francisco, CA to Miami, FL, in cities as large as New York, NY (pop. 8.5 million) and as small as Lithonia, GA (Pop. 2,778). The properties varied in size from a 21-unit property with 7 Section 8 units in Brooklyn, NY to a 504-unit development with 386 Section 8 units in property in San Diego, CA.

This was especially important, as 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.

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 Section 8 that 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 to virtual inspections to reduce travel and contact at properties, mitigating health risks for residents, property staff, lenders, and Freddie Mac employees. We also 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 Section 8 with state and local programs to close capital shortages. In 2020, over 52% of Section 8 properties were paired with a state and local program. 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 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)

Not applicable

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