

Exhibit F:

**Annual Investments Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

2020

INVESTMENT

**ACTIVITY:**

6 - Support for High-Needs Rural Regions: Regulatory Activity

**OBJECTIVE:**

A - Engage in LIHTC Equity Investment in All Rural Areas

**SUMMARY OF RESULTS:**

|                                 | <i>Investments</i>              |                                |                                 | <i>Properties</i> |
|---------------------------------|---------------------------------|--------------------------------|---------------------------------|-------------------|
| <b>Baseline<br/>(2014-2016)</b> | 0                               |                                |                                 | 0                 |
| <b>2020 Target</b>              | 12                              |                                |                                 | N/A               |
| <b>2020<br/>Volume</b>          | 20                              |                                |                                 | 20                |
| <b>Incomes<br/>Targeted</b>     | <i>VLI units<br/>(0-50%AMI)</i> | <i>LI units<br/>(0-80%AMI)</i> | <i>MI units<br/>(0-100%AMI)</i> |                   |
|                                 | 235                             | 1,222                          | 1,222                           |                   |

In 2020, Freddie Mac exceeded our target of 12 investments in rural areas by 67%. We closed 20 LIHTC equity investments supporting 20 rural properties. We invested \$173.8 million across those investments in 11 different states, including 2 in Middle Appalachia, and 3 in the rural Lower Mississippi Delta. Combined, these properties supported 1,207 households making 60% AMI or less, and 591 households making 50% AMI or less. Our \$173.8 million of investment in 2020 exceeded 2019's total of \$111.9 million by 55%, representing a significant increase in our focus on rural markets. We did all of this in year of substantial market disruption due to COVID-19. Our investment activity played a vital stabilizing role in the market, as we saw examples of other larger investors decreasing their activity in 2020, particularly in the first half of the year when most allocations are made, which destabilized the market in the short run and created risk that deals would not be able to get done.

Over the last three years we made a profound impact in the rural LIHTC equity market. Between 2018-2020, we invested \$358.7 million in rural markets supporting 2,765 units across 50 properties.

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

There are four primary ways that our investments have had a direct and substantial impact on the rural market: (1) we provided stability to the market; (2) we exceeded market norms by investing a greater share of our investments in these areas relative to both our annual \$500 million cap and to the national share of allocations to these markets; (3) the investments had a large impact on the specific communities; (4) our relationships with our lenders and syndicators have led to an instrumental cumulative impact over time. These four measures were especially important in 2020 as so many tenants in rural regions were impacted by COVID-19.

1. The arrival of COVID-19 at the end of the first quarter 2020 changed the LIHTC investment landscape. Specifically, the simultaneous weakening LIHTC investment demand due to the economic impacts of COVID-19 and the increase in the available supply of tax credits<sup>1</sup> caused market disruption. In light of COVID-19 we continued to invest in DTS rural areas, substantially exceeding our goals for the year. We invested in smaller transactions where historically larger investors do not invest in order to support DTS rural areas. We also were able to continue to support rehab transactions, which are especially important in rural markets. We developed a COVID-19 rehab and relocation protocol that allowed us to continue to invest in rehab transactions, temporarily moving tenants to minimize COVID exposure of tenants as properties were rehabbed, preserving both health and the supply of affordable housing.

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<sup>1</sup> Novogradac reports new per capita LIHTCs credits available in 2020 to be \$9.5B which is a 4% increase since we re-entered the market in 2018 (credits available totaled \$9.1B).

2. We invested a greater percentage of investment volume in rural markets than the market did overall. Of our \$500 million annual cap on investments, we placed \$173.8 million in rural markets. Our 20 investments out of 38 properties overall represents a greater share relative to the national market: 53% (20/38) of our investments were in DTS rural regions while the national average allocation to rural areas has been 27.6%, per our analysis of National Housing Preservation Database (NHPD) data.<sup>2</sup>
3. Our impact in individual markets as a result of our investments is clear when reviewing particular investments. The two examples below highlight the positive impacts these investments made in the market.
4. Prior to the start of this DTS plan cycle, we had no LIHTC investments in rural markets. We recognized loan origination in our lenders results from a relationship-driven business and growing and maintaining a strong client base is important for loan originators. Often individual transactions can beget more transactions, spreading the impact over time as relationships deepen. Due to our consistent outreach and relationship management, our syndicators now know the markets better, have closer relationships with us and our lenders, and are able to increase investment as a result. Our investments in the LIHTC rural market have steadily increased over the last three years, demonstrating a profound cumulative impact in the market.

| <b>Property</b> | <b>Kilbourn Apartments – Wisconsin Dells, WI</b>   | <b>Findlay Senior Tower – Findlay, OH</b>  |
|-----------------|--|--|
| <b>Region</b>   | Rural  | Rural  |
| <b>Units</b>    | 51 LIHTC rent-restricted units, 12 at 30% AMI, 24 at 50% AMI, 15 at 60% AMI  | 146 units, 114 subsidized by Section 8, 32 units up to 60% AMI   |
| <b>Details</b>  | New construction of single, 60-unit, four-story residential structure with five stand-alone garages. The property will feature 8 one-bedroom, 27 two-bedrooms, and 25 three-bedroom. Amenities will include an office, a community room, and exercise room. Twelve units will be targeted to households where one family member has a permanent disability or is a veteran. A total of 11 units will receive project-based Section 811 vouchers. | Substantial rehab of an elevator-serviced 8-story senior property (55+) consisting of 107 one-bedroom units and 39 two-bedroom units. The property will have 114 units receiving project-based Section 8 vouchers. The remaining 32 units will be unsubsidized by Section 8 for seniors earning up to 60% AMI under a 20 year HAP contract. The property will have an on-site Resident Services Coordinator paid for through a HUD grant. Findlay Senior Tower is the largest affordable seniors asset in Hancock Co and the surrounding area. |

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)

With lives and livelihoods disrupted 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 school children had to take classes from home, and as jobs were lost and incomes reduced.

<sup>2</sup> Per the NHPD over the past twenty years, there has been a national average of 1,350 LIHTC properties placed in service each year. Rural regions are only 27.6% of that, with an average of 370 being placed in rural areas.

Affordable housing plays an important role in stabilizing communities and protecting public health, demonstrating added impact of, and reliance upon, the liquidity and investment capital we provide and the flexibilities we offer properties that receive financing through us, and the protections tenants can benefit from by living in a property backed by Freddie Mac in conjunction with both federal programs and our forbearance program.

Transactions can be harder to close for developers in rural markets even after a letter of intent has been signed. This was exacerbated by COVID-19, which affected transactions in myriad ways. As we discovered the potential impacts from COVID on deal closing delays, we proactively increased our rural deal originations so we would increase certainty of exceeding our target at year-end. Through our increased outreach efforts and due diligence, we funded five deals in high-needs regions and two deals serving high-needs populations in 2020, which represents tremendous improvement from 2019.

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 Investments objectives in Section 3 of this document.*