

Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 2021
 LOAN PURCHASE

ACTIVITY:

8 – Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

B – Inform Loan Product Design Through Loan Purchases and Increase Single-Family Purchases of Loans Secured by Properties Under Shared Equity Programs

SUMMARY OF RESULTS:

	Loan Count			UPB (\$MM)
Baseline	47			-
2021 Target	90-110			-
2021 Volume	126			\$27.79
2021 Volume by AMI	≤ 50%: 53	> 50-80%: 64	> 80-100%: 9	

Freddie Mac exceeded our target for the purchase of mortgages secured by properties under shared equity programs in 2021. We provided around \$28 million to fund 126 qualifying loans, surpassing our baseline by 168% (by volume) and the top of our target range by 15%. More than 90% of these loans went to households with low incomes.

The shared equity model primarily aims to bring affordable homeownership within reach for qualified individuals with very low, low, and moderate incomes, mainly in high-cost areas. Of our 2021 shared equity loan purchases, 79% helped people buy homes. The near-historically low interest rates also led some owners of homes within shared equity programs to refinance their homes; such transactions may require the program steward’s permission and preauthorization. Of our 2021 shared equity loan purchases, 21% were refinances.

Transaction Type	Number of Loans
Purchase	100
Refinance	26
Total	126

In addition to very low interest rates bolstering loan volume, we drove shared equity purchase growth through policy enhancements that made it easier for lenders and servicers to implement and use our product offerings.

- Based on industry feedback, we updated Community Land Trust (CLT) Mortgage policies to improve operational efficiency and streamline processes for lenders, servicers, and shared equity providers. We removed the following requirements:
 - Lender review of the CLT program’s organizational documents as part of the mortgage origination process.
 - The need for a lender to have a term of business (TOB) to originate CLT mortgages.
 - The need for a servicer to have a TOB to service CLT mortgages.
- We streamlined CLT Mortgage servicing requirements and updated Form 490, Freddie Mac’s CLT Ground Lease Rider to align with the revised policy.
- We expanded eligible property types under CLT Mortgage to include CrossMod™ homes certified as CHOICEHome® with Freddie Mac’s prior written approval to help reduce housing development costs for CLTs.

We continued to conduct extensive industry outreach and education to raise awareness, increase adoption, and usage of our offerings, and enlarge the pool of lenders able to sell loans to us either directly or indirectly.

Furthermore, we continued our work toward increasing industry standardization. In collaboration with Grounded Solutions Network, we developed a national model deed-restricted covenant and security instrument for shared equity program stewards.

We delivered this level of effort and exceeded our purchase target in the face of the coronavirus pandemic. Freddie Mac, lenders, housing intermediaries, shared equity program stewards, and other industry participants continued to adjust our priorities and ways of working as needed, while fulfilling our business purposes. Our results reflect our collaboration, creativity, and commitment to this market.

SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Objective partially completed
- No milestones achieved

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

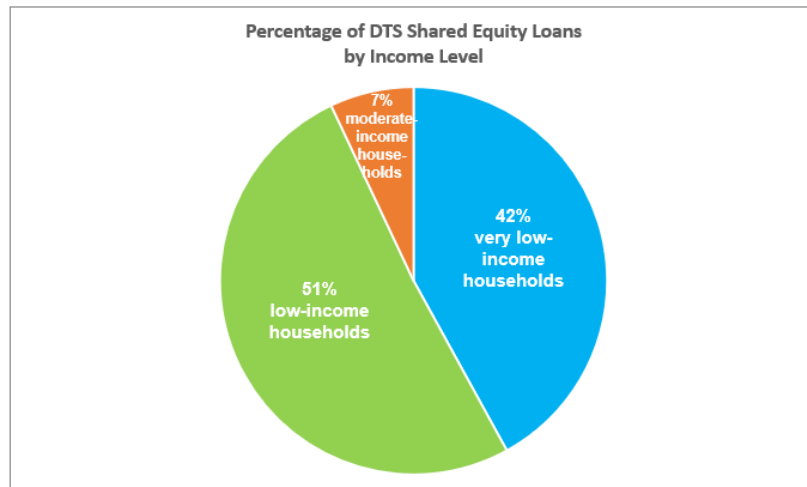
- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

1. **How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market’s needs, or in laying the foundation for future impact in addressing the underserved market’s needs?**

Our actions made a very large impact in the shared equity market. We responsibly broadened access to credit for shared equity homeownership, increased liquidity, and raised awareness of shared equity programs and their benefits. The liquidity that we provided made a significant positive difference, given the shared equity market's small size.

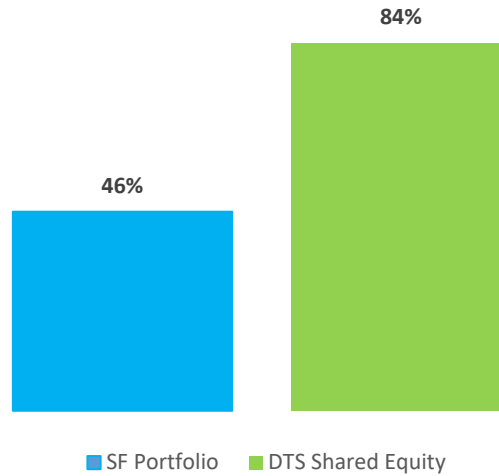
We devoted extensive resources and collaborated across the industry to expand responsible lending. As a result, we helped more lower- and moderate-income households finance shared equity homes. The vast majority of the loans we purchased, 93%, helped make homeownership affordable for lower-income households.



Our shared equity loan purchases helped more people become first-time homebuyers than Freddie Mac Single-Family's portfolio loan purchases in 2021. At 84%, this outpaces not only the percentage of loans in Freddie Mac's Single-Family portfolio that supported first-time buyers, but also the average across shared equity programs of around 70% cited in Lincoln Institute of Land Policy's 2019 research. The research also revealed that the median shared equity homeowner builds \$14,000 in earned equity, compared to a median initial investment of \$1,875 and about 60% of shared equity homeowners eventually use earned equity to buy market-rate homes.¹

¹ <https://www.lincolnst.edu/publications/working-papers/tracking-growth-evaluating-performance-shared-equity-homeownership>

Percentage of Loans to First-time Homebuyers: Single-Family Portfolio vs. DTS Shared Equity



Our success under this objective reflects our leadership and commitment to increasing lending and sustainable homeownership opportunities in the shared equity market.

Removing the requirement that lenders and servicers have a TOB made it faster and easier for them to participate in the market. As a result, lenders will have more opportunity to originate CLT Mortgages, sell the loans to Freddie Mac, and retain or sell the servicing. In this way, more low-income individuals who otherwise would be priced out of the market will be able to achieve sustainable homeownership.

Removing the requirements that lenders review the conditions of the CLT program also made loan originations faster and easier as well as more efficient without increasing risk. The lack of standardization across CLTs meant that lenders had to spend considerable time reviewing the CLT's documentation, discussing it with CLT stewards, requesting additional information, and reviewing the subsequent submissions. The level of effort deterred some lenders from participating, given the very limited opportunity to participate in the CLT mortgage market. Because the information on the CLT program's conditions is already included in other documentation that the lender reviews. With the policy update, the origination process moves more smoothly; lenders and CLT program stewards can focus more time and resources on helping their customers, rather than on administrative activities.

On the servicing side, streamlining the servicing requirements made CLT Mortgage easier for servicers to support from technology and process perspectives, while ensuring that ground lease requirements are met and maintaining the level of service that homeowners receive. The related revisions to Freddie Mac Form 490, Community Land Trust Ground Lease Rider, ensured that our rider aligns with the updated policy.

On the other side of the equation, rapidly rising home construction and renovation costs are affecting programs' ability to make homes available for sale, further limiting homeownership opportunities. Including CHOICEHome among the properties eligible for CLT Mortgage financing allows program stewards to stretch their budget dollars and bring more homes onto the market.

We informed industry participants of these enhancements through various outreach and education channels to raise awareness and understanding. As a result of the enhancements we made, lenders and servicers have become more engaged in this market. In the short amount of time since rolling out the policy changes, CLT loan deliveries to Freddie Mac have increased. We also worked with lenders to identify and qualify additional below-market-rate programs that serve very-low, low-, and moderate-income homebuyers with a shared appreciation homeownership model.

In addition, the "2021 Model Declaration of Affordability Covenants with Refinance and Resale Restriction and Purchase Option" that we developed in collaboration with Grounded Solutions Network provides shared equity program stewards with a national model deed-restricted covenant and security instrument and helps advance

the standardization needed to grow the shared equity homeownership market. The model documents make it easier for programs to adopt or improve their deed-restricted shared equity homeownership models, follow best practices, and standardize their programs. Programs that incorporate the model documents into their business practices will meet Freddie Mac's requirements and individuals wanting to buy homes administered by those programs will have access to our shared equity mortgage products. Standardization also will encourage more lenders to participate in the shared equity market. The model documents will reduce the amount of time lenders spend reviewing the documentation, while giving them greater confidence in originating loans secured by shared equity properties.

2. What did the Enterprise learn from its work about the nature of the underserved market's needs and how to address them?

We learned through our engagement with lenders that they need deeper understanding of the shared equity homeownership model and active programs in their service areas to gain confidence in participating in this market; however, they may lack the resources to perform the necessary research and outreach. Freddie Mac can fill the information gaps, given our involvement in the shared equity homeownership market.

We validated that processes associated with specialty mortgage offerings, both selling and servicing, must be as efficient and similar to traditional mortgage transactions as feasible to increase the likelihood of adoption. By making processes easier and more efficient for lenders and servicers, we began to increase participation in the CLT market. We also worked with Grounded Solutions Network toward creating a standardized model deed-restricted covenant and security instrument for shared equity program stewards, which will make it easier for lenders to support mortgage originations.

In addition, we learned that rising home construction prices due to supply chain, materials, and labor issues are affecting program stewards' budgeting decisions. The rising costs may result in fewer homes being brought into the market. On the other hand, this creates an opportunity for shared equity programs to look at alternative construction methods to mitigate rising costs.

3. Optional: If applicable, why was the Enterprise unable to achieve the Plan target?

Not applicable.