Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDABLE HOUSING PRESERVATION
2023
LOAN PURCHASE

ACTIVITY:

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

OBJECTIVE:

A – Increase Loan Purchases of Shared Equity Mortgages

INFEASIBILITY:

☐ Check here if the Enterprise is submitting an infeasibility request for the objective.

SUMMARY OF RESULTS:

	Loan Count			UPB ($MM)
Baseline	47			-
2023 Target	125-145			-
2023 Volume	154			$31
2023 Volume by AMI **(total exceeds 100% due to rounding)**	≤ 50%: 66	> 50-80%: 70	> 80-100%: 18	

Freddie Mac exceeded our target for the purchase of mortgages secured by properties under shared equity programs in 2023. We provided $31 million to fund 154 qualifying loans, surpassing our baseline (by volume) by 228% and the top of our target range by 6%. Of these loans, 89% went to households with low or very low incomes. Total Duty to Serve-qualified shared equity loan volume increased 14% year over year.

Of our 2023 shared equity loan purchases, 97% helped people buy homes; we bought 14% more home-purchase loans in 2023 than in 2022. Refinance loan purchase volume basically was unchanged; in addition to rising interest rates making refinance less attractive, shared equity homeowners are less likely to refinance than other homeowners and some shared equity programs require the program steward's permission and preauthorization to refinance.

We drove shared equity loan purchase growth mainly through extensive industry outreach and education, which took substantial time and resources because of difficulties in gathering information about shared equity programs as well as changes in lenders' staffing and business priorities.

We delivered this level of effort and exceeded our purchase target in the face of the changing market dynamics. 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:

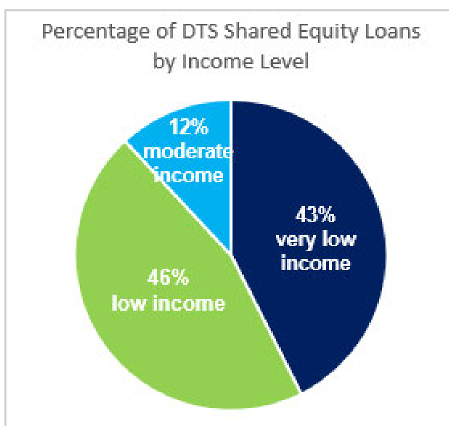
☒ 50 – Very Large Impact
☐ 40
☐ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

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?**

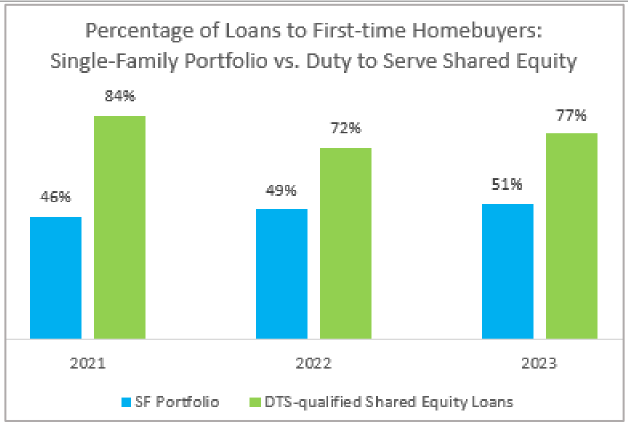
   Our efforts under this objective made a very large impact in the shared equity market. We responsibly broadened access to credit for shared equity homeownership, increased liquidity, and raised awareness of shared equity programs and their benefits. The liquidity that we provided made a significant positive 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 very low-, low-, and moderate-income households finance shared equity homes. The vast majority of the loans we purchased, 89%, helped make homeownership affordable for very low- and low-income households.



Note: Total exceeds 100% due to rounding.

   Our shared equity loan purchases helped a larger percentage of people become first-time homebuyers than did loan purchases in Freddie Mac Single-Family's portfolio again in 2023: 77% of shared equity loan purchases versus 51% of Freddie Mac Single-Family portfolio loan purchases.



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

- Continued to conduct extensive industry outreach and education, reaching more than 700 industry professionals through webinars and on-demand tutorials, double the number in 2022.
- Doubled our lender participation in shared equity, as a result of our intensive efforts.
- Formalized an internal process to review ground leases that are not based on the two industry model ground leases and created a term of business (TOB) to allow lenders to deliver loans on homes from CLTs with approved non-model ground leases. The TOB includes a link to the list of all non-model ground leases that we have approved, streamlining lender processes.
- Promoted the report on Grounded Solutions Network's survey findings, titled "The 2022 Census of Community Land Trusts and Shared Equity Entities", to raise lenders' awareness of shared equity market opportunities.
- Used the survey results to create a CLT directory with Grounded Solutions Network. We promoted the directory to lenders, making them aware of financing opportunities in their lending footprints, educating them about using the directory to connect into those opportunities, and promoting our shared equity mortgage offerings.
- Building on the information in the directory, created the Freddie Mac CLT database based on our analysis of Grounded Solutions' survey findings plus our own research and outreach; made it accessible from FreddieMac.com. The additional insights help connect lenders with shared equity programs in their lending footprints that have inventory for sale so that the stewards may provide homebuyers with the lenders' contact information. Freddie Mac will maintain the database through continuing outreach.
- Conducted targeted outreach to lenders that delivered shared equity loans to us in previous years or that program stewards identified as having financed homes in their programs to encourage them to sell loans to Freddie Mac. As part of this, we met regularly with lenders to monitor progress toward potential shared equity loan deliveries and help clear obstacles to delivering certain loans.
- Offered a limited pricing incentive to a selection of lenders to encourage lenders to sell loans to us and help offset origination costs.
- Continued to enhance our policies to help boost market liquidity, increase operational efficiencies, promote lender participation, encourage the use of model documents, and support more borrowers responsibly.
    - Removed the requirement that lenders review program terms and conditions, including provisions that describe resale restrictions.
    - Removed the requirement for cash-out refinances that lenders confirm that programs have established procedures for screening, processing, and approving transactions.

  - Removed the requirement that lenders confirm that programs have established procedures for approving capital improvements for the property.
  - Increased flexibility for lenders reviewing ground leases against the two industry-standard CLT model ground leases.
  - Allowed the use of a CLT ground lease memorandum instead of a full ground lease, resulting in cost savings for the borrower.
- 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.

Because of our Duty to Serve efforts, Freddie Mac had a very large impact in the shared equity space:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- More people financed shared equity homes with conventional mortgages.
- The ecosystem works more effectively in helping people realize affordable homeownership.
- Industry standardization has increased, helping to spur market growth.
- Since we implemented loan purchase targets in 2021, about $88 million flowed to the shared equity market, financing more than 400 homes.

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 that some lender practices reduce opportunities to sell shared equity loans into the secondary market and, thereby, limit the flow of liquidity. For example, some lenders hold shared equity loans in portfolio and consider selling them only when the economics make sense, such as when an investor offers an incentive. In addition, some smaller lenders may offer terms and pricing outside of conventional lending standards to meet their Community Reinvestment Act regulatory requirements. Starting in the second quarter, we began to offer a limited incentive to certain lenders, which motivated some of them to sell us loans that they had been holding; however, some other lenders had to lower or cancel their commitments to deliver shared equity loans to us because economic conditions adversely affected potential borrowers' financial positions.

We learned that rising inflation, interest rates, and home prices kept many potential homebuyers out of the market even when homes were offered at below-market rates. Some lenders told us about pre-qualifying individuals for mortgages on shared equity homes only to have the purchases fall through because the buyers no longer had the resources to proceed. Also, fewer individuals with lower incomes were able to qualify for shared equity loans. Lenders saw more moderate-income individuals finance shared equity homes, with more borrowers having incomes that exceed Duty to Serve parameters. These circumstances made meeting our target even more difficult. We met our goal through targeted outreach efforts and creative solutions. The share of our shared equity loan purchases benefiting moderate-income households increased 5 percentage points year over year.

We learned from the CLT survey that it takes two years, on average, between establishing a shared equity program and completing the first home sale. The finding aligned with the Milwaukee CLT's experience. That CLT was established in 2021, with Freddie Mac's collaboration; in 2023, Freddie Mac bought the first two loans on homes in the Milwaukee CLT.

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

Not applicable.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDABLE HOUSING PRESERVATION
Q2: JANUARY-JUNE 2023
LOAN PURCHASE

ACTIVITY:

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

OBJECTIVE:

A – Increase Loan Purchases of Shared Equity Mortgages

SUMMARY OF PROGRESS:

	Loan Count			UPB ($MM)
Baseline	47			-
2023 Target	125-145			-
2023 Volume Through 2Q	74			$17
2023 Volume by AMI **(total exceeds 100% due to rounding)**	≤ 50%: 30%	> 50-80%: 53%	> 80-100%: 18%	

Freddie Mac made progress in the first half of 2023 toward our goals under this objective, purchasing 74 shared equity loans and providing $17 million in liquidity to the market.

Purchases of loans on shared equity homes were at or near our monthly tracking benchmarks for most this year. They started to decline in April and, because monthly margins already were razor-thin, we were lagging by the end of June. Given market conditions in addition to historical seasonal loan purchase trends, we expect to fall short of our 2023 target.

We are working to make up the deficit and purchase the number of loans required to meet our 2023 target by year-end, as described in the Additional Information section.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ On track to meet or exceed the target
☒ Progress delayed and/or partial completion of the objective expected
☐ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

Freddie Mac is taking a multi-pronged approach toward overcoming our loan purchase deficiency and meeting our 2023 purchase target. Using the information in the directory of shared equity programs that we developed with Grounded Solutions Network, we are conducting outreach to lenders, making them aware of financing opportunities in their lending footprints, educating them about using the directory to connect into those opportunities, and promoting our shared equity mortgage offerings. [redacted]

[redacted]

However, market conditions have continued to deteriorate, causing origination activity in this micro-market to decline in 2023. More specifically, rising inflation, interest rates, and home prices keep many potential homebuyers out of the market – particularly very low- and low-income households that shared equity homeownership aims to serve.

In 2022, 93% of shared equity loans we purchased were for homebuyers and homeowners in that income range. Recently, some lenders told us about pre-qualifying individuals for mortgages on shared equity homes only to have the purchases fall through because the buyers no longer had the resources to proceed. Fewer individuals with lower incomes may be able to qualify for shared equity loans. Moderate-income individuals who do qualify for such loans may have incomes exceeding Duty to Serve parameters. In such cases, those loans will not count toward our Duty to Serve loan purchase targets.

In addition, although we doubled lender participation in shared equity and have more engagement, in many cases the lender's geographical footprint for financing does not map to where properties are – or are expected to become – available. On the other hand, some lenders have told us that adopting shared equity financing solutions in hopes of originating a small number of loans would require too many resources to be deemed worth the investment.

Moreover, existing shared equity homes typically come on the market for resale each year at a slower pace than market-rate homes. Under current conditions, many shared equity homeowners may stay in their homes even longer than average. They might not be able to afford to move to market-rate homes, further reducing the number of shared equity homes available for sale.

Rises in interest rate increases, inflation, and home prices have slowed over the last few months but they continue to be elevated, reducing home affordability and keeping more households out of the market. The Federal Reserve is expected to continue raising rates in 2023 to help rein in inflation, making access to credit more expensive and further affecting homeownership opportunities for low- and moderate-income households. Even with our additional efforts to meet our shared equity loan purchase target, we anticipate that market headwinds will prevent us from achieving them. Therefore, we submitted a proposed Plan modification of this objective to FHFA on July 11.