

## Exhibit E:

**Annual Loan Purchase Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

2019

LOAN PURCHASE

**ACTIVITY:**

1 – High-Needs Rural Regions: Regulatory Activity

**OBJECTIVE:**

A – Increase Single-Family Loan Purchases in High-Needs Rural Regions

**SUMMARY OF RESULTS:**

	Loan Count			UPB (\$M)
<b>Baseline</b>	8,503			-
<b>2019 Target</b>	8,550-8,600			-
<b>2019 Volume</b>	9,849			\$1,161
<b>2019 Volume by AMI</b>	≤ 50%: 1,732	> 50 - 80%: 4,611	> 80 - 100%: 3,506	

Freddie Mac exceeded our 2019 target under this objective, helping more people in high-needs rural regions (HNRR) achieve sustainable homeownership. We realized these excellent results even though we raised our purchase target through a Plan modification in 2019 for two reasons: Our outreach efforts have been yielding increases in our loan volume and we began to recognize purchases that also could qualify for credit in another objective within the rural market.

In total, we provided nearly \$1.2 billion to fund 9,849 income-qualifying mortgage loans in HNRR, surpassing our baseline by 16% (by volume) and the top of our target range by almost 15%.

Compared to 2018 HNRR loan volume, we funded 700 more loans in 2019, an 8% year-to-year increase. Of our purchase volume in this market, we bought 3% more loans on home purchases and 14% more loans on refinances in 2019 than in 2018.

	2018 Loan Count	2019 Loan Count	Year-to-Year Change
<b>Purchase</b>	5,158	5,290	3%
<b>Refinance</b>	3,991	4,559	14%
<b>Total</b>	<b>9,149</b>	<b>9,849</b>	<b>8%</b>

We drove purchase growth in HNRR through outreach to our lenders in these areas, efforts to further influence lenders who were not active in these areas by educating them on how using our products and resources can help them grow their businesses, and working with our non-profit partners to increase their capacity to help more people in HNRR attain and

sustain homeownership. Also contributing to our success were modest wage growth, continued low unemployment, slower house price growth, and lower interest rates, which lifted our refinance volume significantly.

**SELF-ASSESSMENT RATING OF PROGRESS:**

- 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:**

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

**IMPACT EXPLANATION:**

**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?**

Our actions made a substantial impact in HNRR. We increased liquidity, access to the secondary mortgage market, and sustainable homeownership opportunities in historically underserved areas and set the stage to make even more of an impact in the future.

Duty to Serve-qualifying loan purchases expanded affordable lending to people who most need greater access to credit. Two-thirds of our purchases in HNRR benefited very low- and low-income households; 49% helped create first-time homebuyers.

Income to Median	Loan Count	UPB (\$M)	Share of DTS-Qualified HNRR Loans	% First-time Homebuyers
≤ 50% (very low income)	1,732	\$142	18%	49%
> 50 - 80% (low income)	4,611	\$530	47%	
> 80 - 100% (moderate income)	3,506	\$489	36%	

Our success under this objective reflects our committed leadership and integrated approach to addressing this market's longstanding challenges:

- Rolled out product offerings and flexibilities based on industry feedback to address market needs, improve operational efficiencies, promote lender adoption, and responsibly support more borrowers.
- Refined appraisal guidance, worked with the Appraisal Institute to develop and deliver rural properties appraisal training, and provided on-line access to a previously developed course to help make rural appraisals easier.
- Gathered loan data and conducted research on loan performance to inform lending decisions as well as the design, enhancement, and delivery of market-relevant offerings; shared findings with the industry.
- Increased engagement with lenders, educating them on our offerings to promote adoption and usage; also enlarged the pool of lenders able to sell loans to us.
- Worked in partnership with well-positioned non-profit entities to grow their capacity to prepare people for sustainable homeownership; trained some organizations to originate and package conventional loans for sale to the secondary market.
- Conducted extensive outreach and education to raise awareness, understanding, and acceptance of our offerings and to facilitate a healthy lending ecosystem that drives more responsible affordable lending.

For more details, please read the narratives on our loan product and outreach objectives.

Because of our efforts:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- Non-profit housing agencies have more capacity to fulfill their missions.
- More people are prepared for responsible homeownership.
- The ecosystem works more effectively in helping people realize affordable homeownership.

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

Increasing liquidity to HNRR demands engaging more—and a wider variety of—lenders to promote understanding and adoption of our offerings, expand access to the secondary mortgage market, and support affordable homeownership. This includes working with CDFIs, HFAs, and other organizations to help make it easier for them to sell loans to us directly or indirectly. Therefore, we took these actions, among others:

- Participated in 24 conferences, with 6,810 attendees.
- Held 18 webinars on products and offerings, with 585 attendees.
- Participated in a credit union network’s roadshow, with 158 attendees over three regions.
- Provided targeted, relevant resources through our web site.
- Reached out directly to lenders.
- Added five lenders as direct sellers to us; two also serve as aggregators.
- Delivered rural appraisal training to 971 underwriters and servicers from 417 institutions.

Appraising rural properties presents significant challenges, and we worked with the Appraisal Institute to develop a robust curriculum to help appraisers better understand and address them. Two sold-out sessions were held in North and South Dakota, with a total of 148 attendees. More sessions are scheduled for 2020.

Also, strategic partnerships are vital to preparing people in HNRR for successful homeownership. Our support for well-positioned non-profit organizations enabled them to train counselors on our offerings, certify counselors, and deliver education and counseling to more homebuyers and homeowners.

**3. Optional: If applicable, why were all components of this objective not completed?**

Not applicable

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

## Quarterly Loan Purchase Narrative Reporting

FREDDIE MAC

RURAL HOUSING

Q1: JANUARY THROUGH MARCH 2019

LOAN PURCHASE

### ACTIVITY:

*Activity 1 – Support for High-Needs Rural Regions.*

### OBJECTIVE:

*Objective A: Increase Single-Family Loan Purchases in High-Needs Rural Regions.*

### SUMMARY OF RESULTS:

	Loan Count	UPB (\$M)
<b>Baseline</b>	7,833	-
<b>2019 Target</b>	8,100-8,200	-
<b>YTD 2019 Volume</b>	1,916	\$209

*Freddie Mac made more new homeownership opportunities possible in high-needs rural regions in first quarter 2019 than in the same quarter last year; however, total purchase volume was flat year-to-year because of lower refinance volume. These results are preliminary and may change when we receive revised area median income files from FHFA. We expect purchase volume to increase during 2019 based on Freddie Mac's ongoing market engagement, seasonal homebuying patterns, use of our recently launched offerings plus offerings being introduced later this year, and other market conditions.*

*In 1Q2019, Freddie Mac purchased 1,916 Duty to Serve-qualifying loans on single-family homes in high-needs rural areas, providing \$209 million in financing. We are on track to achieve our 2019 purchase volume target for this objective. To set the target, we first calculated the average number of income-qualifying loans purchased from 2014 to 2016 to establish a baseline of 7,833 loans annually. We then set a 2019 purchase target range of 8,100 to 8,200 loans—200 to 300 more loans than in 2018—to reflect our commitment to increasing liquidity and access to credit in high-needs rural regions.*

*To provide perspective, we compared our 1Q performance to the same period in 2018. Total purchase volume from high-needs rural regions was unchanged: lower refinance volume cancelled out a rise in volume of home purchase loans; this experience was consistent with our overall loan fundings for single-family owner-occupied homes. For broader context, the share of loans in our portfolio on homes in high-needs rural regions also remained the same. The share in our portfolio of all single-family refinances in high-needs rural regions dropped by 11 basis points and the share of purchases increased by 9 basis points.*

*Freddie Mac looks forward to making an even greater positive impact in this market segment over the course of the year. Our housing market forecast shows single-family mortgage originations increasing in 2019, starting with the traditional homebuying season. Also, we expect a slight decline in interest rates, which could boost mortgage activity overall; however, housing supply and home prices will remain challenges. During the year, we will expand our opportunities to purchase loans as we continue to engage with industry stakeholders, our new offerings gain traction with lenders, more appraisers take advantage of training that we developed in partnership with the Appraisal Institute, and our not-for-profit partners help more households navigate the path to successful homeownership.*

### SELF-ASSESSMENT RATING OF PROGRESS:

*Select the category that best describes progress on this objective for the reporting period.*

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

**ADDITIONAL INFORMATION (IF APPLICABLE):**

*Not applicable*