# 2015
# ANNUAL HOUSING ACTIVITIES REPORT

## FEDERAL HOME LOAN MORTGAGE CORPORATION

**MARCH 15, 2016**

# Introduction

Pursuant to section 307(f) of the Federal Home Loan Mortgage Corporation Act, as amended, 12 U.S.C. § 1456(f), the Federal Home Loan Mortgage Corporation (Freddie Mac) must submit annually to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives and the Federal Housing Finance Agency (FHFA) a report on its activities under subpart B of part 2 of subtitle A of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended, 12 U.S.C. §§ 4561 et seq.

The following constitutes Freddie Mac's 2015 Annual Housing Activities Report to Congress and FHFA under section 307(f) and FHFA regulations at 12 C.F.R. 1282.63.[1]

## A. Information Required Under § 307(f)(2)(A)

*§ 307(f)(2)(A) requires that this report include, in aggregate form and by appropriate category, statements of the dollar volume and number of mortgages on owner-occupied and rental properties purchased which relate to each of the annual housing goals established under such subpart.*

In 2015, Freddie Mac purchased more than 1.4 million mortgages on single-family owner-occupied properties, and more than 3,000 mortgages on multifamily properties.[2]

Exhibit A-1 summarizes our performance for the single-family affordable housing goals, listing for each affordable housing goal the regulatory benchmark, our performance against the benchmark in 2015, the dollar volume of goal-qualifying mortgages that Freddie Mac purchased in 2015, and the number of goal-qualifying mortgages. Exhibit A-2 summarizes our performance for the multifamily affordable housing goals, listing for the multifamily goal and subgoals, the regulatory targets, our performance against the targets in 2015, and the dollar volume of goal-qualifying units that Freddie Mac financed in 2015. Our official performance will be determined by FHFA.

[1] The statistical and financial information included in this Report and in the tables referenced in this Report may not be comparable to information provided in Freddie Mac's public disclosure documents, including Monthly Volume Summaries and reports filed with the U.S. Securities and Exchange Commission, as the statistical and financial information included in this report and in the tables has been compiled and aggregated in accordance with specific regulatory guidelines. The information presented in the exhibits (and described in the related discussion) is derived from certain tables included in Freddie Mac's 2015 Annual Mortgage Report (2015 AMR). The 2015 AMR is being delivered to FHFA with this report.

[2] The vast majority of these single-family and multifamily mortgages funded "eligible housing units" for purposes of the housing goals, and thus was used as the basis for calculating our performance under the housing goals.

**Exhibit A-1:**
**Freddie Mac's 2015 Single-Family Affordable Housing Goals Performance**[3]

| | 2015 Benchmark | 2015 Market | 2015 Performance | Volume ($Millions) | Owner-Occupied Mortgages Financed |
|---|---|---|---|---|---|
| Low-Income Purchase Goal | 24% | As determined by FHFA | 22.35% | $18,132 | 129,455 |
| Very Low-Income Purchase Goal | 6% | As determined by FHFA | 5.38% | $3,222 | 31,146 |
| Low-Income Areas Purchase Goal | 19% | As determined by FHFA | 19.02% | $20,174 | 110,184 |
| Low-Income Areas Subgoal | 14% | As determined by FHFA | 14.46% | $15,767 | 83,773 |
| Low-Income Refinance Goal | 21% | As determined by FHFA | 22.81% | $25,418 | 182,594 |

**Exhibit A-2:**
**Freddie Mac's 2015 Multifamily Affordable Housing Goals Performance**[4]

| | 2015 Benchmark (Units) | 2015 Performance (Units) | Volume[5] ($Millions) |
|---|---|---|---|
| Low-Income Goal | 300,000 | 379,043 | $25,628 |
| Very Low-Income Subgoal | 60,000 | 76,935 | $3,900 |
| Low-Income Subgoal (5 – 50 Unit Properties) | 6,000 | 12,802 | $873 |

Pursuant to FHFA regulations[6] promulgated under section 1336(b)(2) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Federal Housing Finance Regulatory Reform Act of 2008 (enacted as part of the Housing and Economic Recovery Act of 2008), Freddie Mac may achieve a single-family housing goal or subgoal by meeting or exceeding either the FHFA benchmark or the share of qualifying loans originated by the market, as calculated from Home Mortgage Disclosure Act (HMDA) data.

The 2015 HMDA data is not expected to be released until the fall of 2016. At that time FHFA will have all the necessary information to make a final determination of our 2015 Single-Family Affordable Housing Goals performance.

In 2015, Freddie Mac also financed 6,564 low-income rental units in single-family 2-4 unit properties in which an owner-occupant resides in one unit.

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[3] Figures calculated by Freddie Mac. Final performance will be calculated and published by FHFA.
[4] *Id*.
[5] Includes UPB amounts related to underlying Multifamily units with and without rental information, as reflected on Table 3A of the 2015 AMR.
[6] 12 CFR §1282.12.

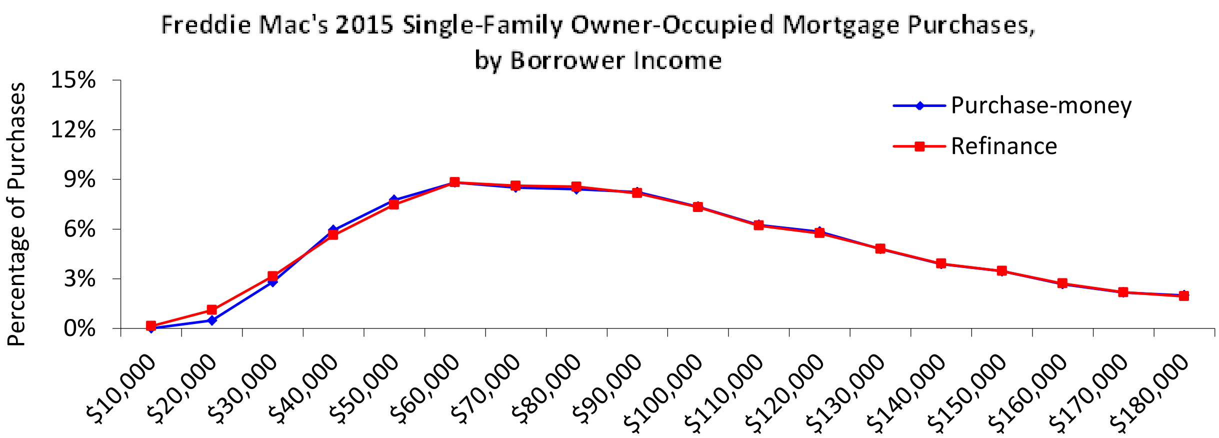
## B. Information Required Under § 307(f)(2)(B)

*§ 307(f)(2)(B) requires that this report include, in aggregate form and by appropriate category, statements of the number of families served by the Corporation, the income class, race, and gender of homebuyers served, the income class of tenants of rental housing (to the extent such information is available), the characteristics of the census tracts, and the geographic distribution of the housing financed.*

In 2015, Freddie Mac financed housing for over 2.2 million families, including more than 1.6 million single-family owner-occupied and rental units and more than 650,000[7] multifamily rental units.

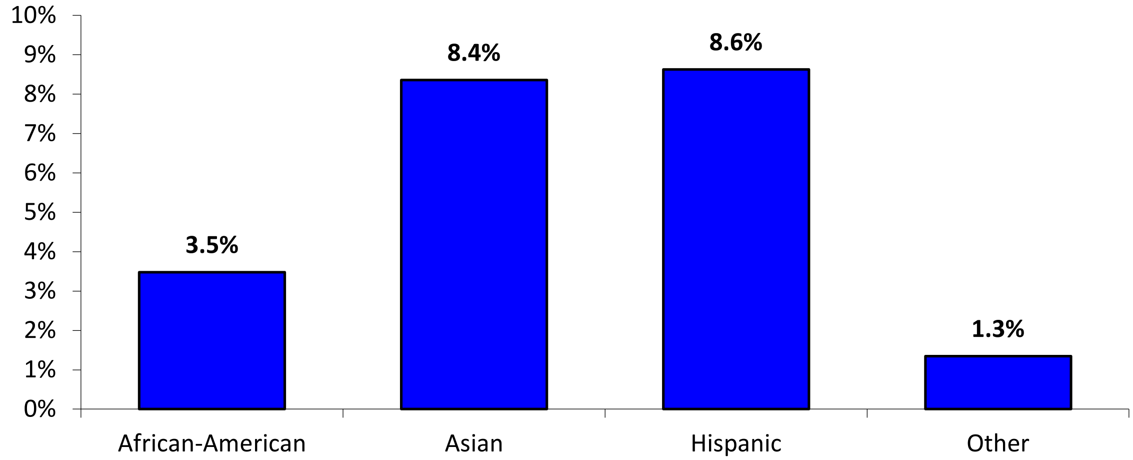
The following exhibits provide the information required under § 307(f)(2)(B).

**Exhibit B-1:**



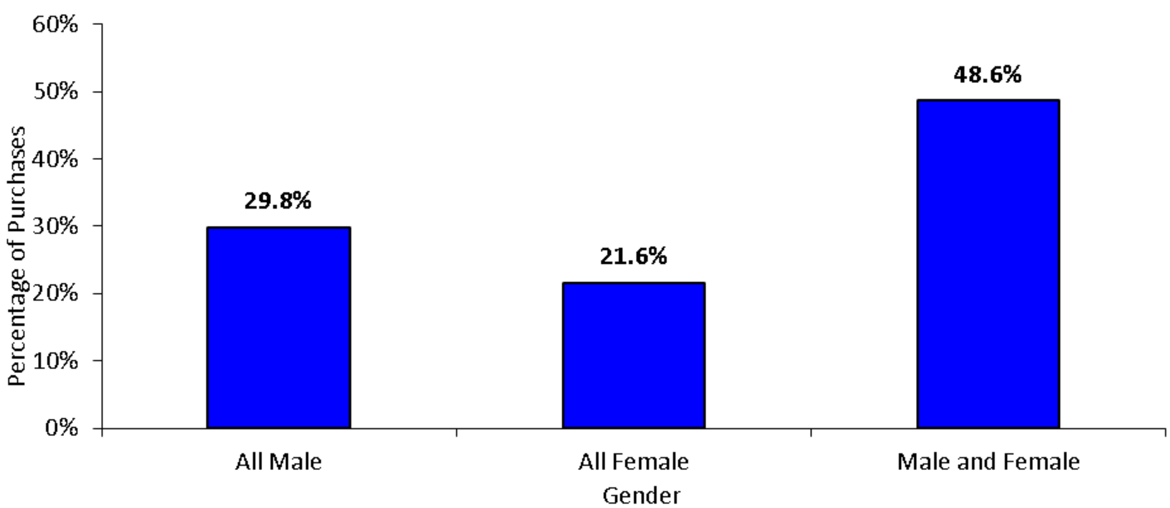

[7] Additionally, Freddie Mac provided financing for approximately 5,000 multifamily cooperative units.

**Exhibit B-2:**
**Freddie Mac's 2015 Single-Family Owner-Occupied Mortgage Purchases, by Race/Ethnicity of Minority Borrowers**



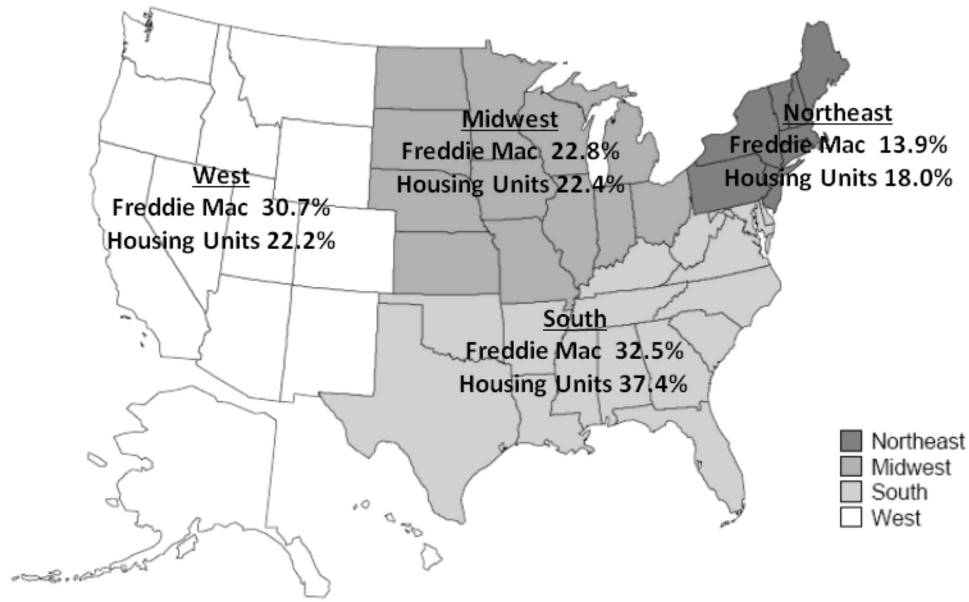

Note: The "Other" category includes American Indian or Alaskan Native, Native Hawaiian or Other Pacific Islander, mortgages that have White and minority co-borrowers, and mortgages where a borrower defines him or herself to be of two or more races. The Hispanic borrower category overlaps with other minority categories, since borrowers may define themselves to be of Hispanic ethnicity and also belong to one or more racial classifications. Minority shares exclude mortgages where (a) ethnicity is non-Hispanic and race is missing, (b) race is White and ethnicity is missing, or (c) both race and ethnicity are missing.
Source: Table 5A & 5B of the 2015 AMR.

**Exhibit B-3:**
**Freddie Mac's 2015 Single-Family Owner-Occupied Mortgage Purchases, by Borrower Gender**



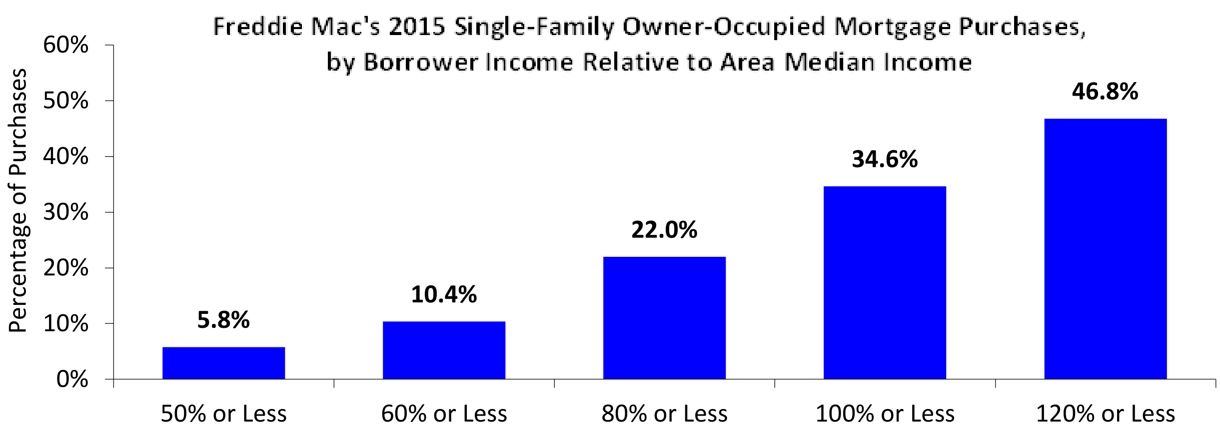

Note: These calculations exclude those mortgages for which we do not have borrower gender information.
Source: Table 6 of the 2015 AMR.

**Exhibit B-4:**
**Freddie Mac's 2015 Single-Family Units Compared to**
**2014 Occupied Single-Family Housing Units, by Census Region**



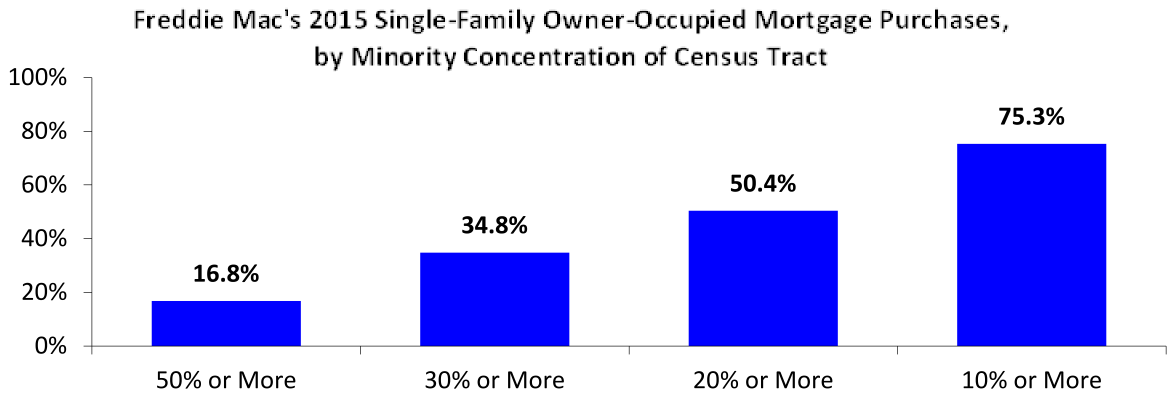

Note: Housing Unit data from 2014 American Community Survey.
Does not include Puerto Rico, Guam or U.S. Virgin Islands.

**Exhibit B-5:**



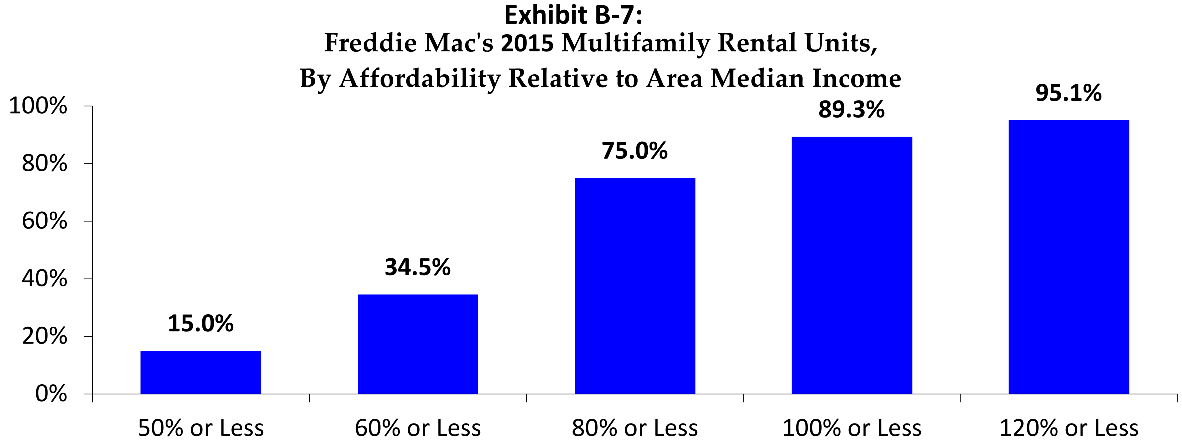

Note: These calculations exclude those mortgages for which we do not have borrower income information.
Source: Table 2 of the 2015 AMR.

**Exhibit B-6:**



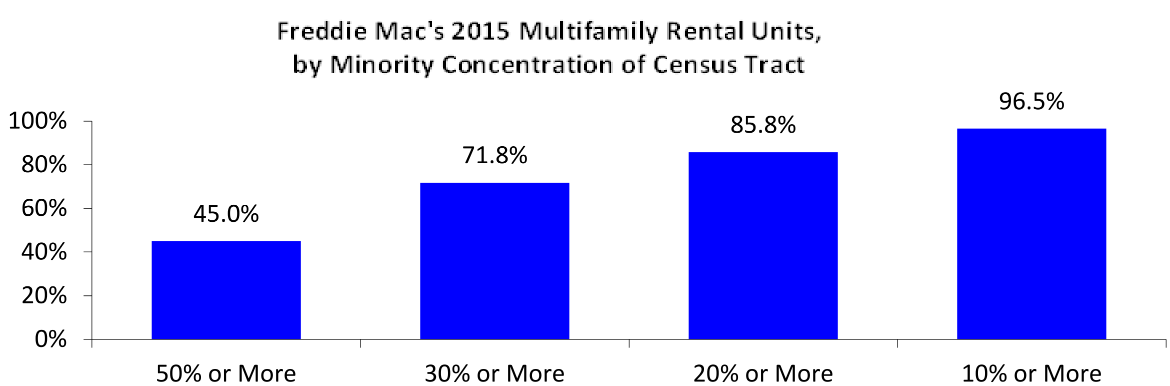

Source: Table 7 of the 2015 AMR.

**Exhibit B-7:**




Note: These calculations exclude those rental units for which we do not have rent information.
Source: Table 3A of the 2015 AMR.

**Exhibit B-8:**




Note: These calculations exclude those rental units for which we do not have rent information.
Source: Table 3A of the 2015 AMR.

## C. Information Required Under § 307(f)(2)(C)

*§ 307(f)(2)(C) requires that this report include a statement of the extent to which the mortgages purchased by the Corporation have been used in conjunction with public subsidy programs under federal law.*

In 2015, Freddie Mac purchased or guaranteed almost $163 million in single-family mortgages (financing approximately 1,350 mortgages) and almost $1.7 billion in multifamily mortgages (financing approximately 25,600 units) that had been used in conjunction with various federal public subsidy programs including the following:

- the Federal Housing Administration (FHA) program;
- the Veteran Administration (VA) program;
- the U.S. Department of Agriculture's Guaranteed Rural Housing program;
- Mortgage Revenue Bonds (MRBs) issued by various state and local housing finance agencies (HFAs); and,
- Section 8 and Section 236 programs.

In addition, Freddie Mac securitizes pools of multifamily mortgage revenue bonds under its Tax-Exempt Bond Securitization (TEBS) execution and credit enhances tax-exempt multifamily mortgage revenue bonds through its bond credit enhancement program. These multifamily transactions totaled almost $1.1 billion in 2015, financing approximately 7,500 units. Freddie Mac also purchases tax-exempt loans (TELs) from HFAs. In 2015, these TEL multifamily transactions totaled almost $240 million, financing approximately 3,300 units.

## D. Information Required Under § 307(f)(2)(D)

*§ 307(f)(2)(D) requires that this report include statements of the proportion of mortgages on housing consisting of 1 to 4 dwelling units purchased by the Corporation that have been made to first-time homebuyers, as soon as providing such data is practicable, and identifying any special programs (or revisions to conventional practices) facilitating homeownership opportunities for first-time homebuyers.*

In 2015, Freddie Mac purchased over 231,000 mortgages of first-time homebuyers, representing 40 percent of our owner-occupied, purchase money mortgages for which information on the borrower's ownership history is available.[8]

Freddie Mac facilitated homeownership opportunities for first-time homebuyers through its Single-Family products, programs, and services. In particular, Freddie Mac's Single-Family Division created the Affordable Lending and Access to Credit organization to specifically focus Single-Family's efforts in meeting the needs of first-time and underserved homebuyers through

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[8] We do not have information on the borrower's ownership history for 0.52 percent (3,047) of the single-family, owner-occupied, purchase money mortgages we purchased in 2015. Therefore, we excluded those mortgages from the calculations underlying the information presented in this section.

responsible offerings, strong relationships and a relentless focus on providing access to credit. In March 2015, Freddie Mac launched a new low-down payment mortgage, the Home Possible Advantage® 97 percent LTV product, which is showing success in providing financing for first-time homebuyers. Additionally, Freddie Mac provided funding to 13 Borrower Help Centers throughout the United States in order to provide housing counseling services to prospective and first-time homebuyers. These actions complement the significant outreach and business related activities Freddie Mac is continuously engaged in with our Single-Family lenders and State and Local Housing Finance Agencies. For more information on these and other areas that Freddie Mac is engaged in support of affordable housing, please see Section K.

## E. Information Required Under § 307(f)(2)(E)

*§ 307(f)(2)(E) requires that this report include, in aggregate form and by appropriate category, the data provided to the Director of FHFA under subsection (e)(1)(B) [loan-to-value ratios of purchased mortgages at the time of origination].*

Exhibit E compares the LTV distribution on the goal-qualifying, single-family owner-occupied mortgages acquired by Freddie Mac in 2015 to the LTV distribution on all single-family owner-occupied mortgages acquired by Freddie Mac in 2015, as measured at the time of origination.

**Exhibit E:**
**Distribution of Owner-Occupied Mortgage Purchases by LTV**


Note: These calculations exclude those mortgages for which we do not have LTV information.
Source: Table 11 of the 2015 AMR.

## F. Information Required Under § 307(f)(2)(F)

*§ 307(f)(2)(F) requires that this report compare the level of securitization versus portfolio activity.*

In 2015, Freddie Mac securitized approximately $385 billion in single-family and multifamily mortgages and purchased approximately $12 billion[9] of single-family and multifamily mortgages which remained[10] in our portfolio at year end, net of mortgage loan securitizations during the year.

## G. Information Required Under § 307(f)(2)(G)

*§ 307(f)(2)(G) requires that this report assess underwriting standards, business practices, repurchase requirements, pricing, fees, and procedures, that affect the purchase of mortgages for low- and moderate-income families, or that may yield disparate results based on the race of the borrower, including revisions thereto to promote affordable housing or fair lending.*[11]

Freddie Mac regularly evaluates market conditions, the credit environment and the performance of our mortgage purchases in an effort to ensure that our underwriting standards, business practices, repurchase requirements, pricing, fees and procedures serve our mission to provide liquidity and stability to the conforming mortgage market, and to promote affordable housing and fair lending.

During 2015, Freddie Mac continued to take steps consistent with prudent risk management to manage the risk of our credit terms, provide mortgage credit risk leadership in the marketplace, and help lenders make mortgage financing available for homeowners on terms intended to sustain successful homeownership. In doing so, Freddie Mac made the following significant credit policy changes and enhancements in 2015:

Provided additional down-payment and funds needed for closing flexibility to borrowers by:

- Eliminating the 5% contribution requirement for Mortgages (including super conforming Mortgages) secured by a 1-unit primary residence with a loan-to-value ratio greater than 80% when a gift or gift of equity from a related person is used as a source of funds, or for which an unsecured loan that is an Employer Assisted Homeownership (EAH) Benefit is used as a source of funds
- Permitting Affordable Seconds as secondary financing for all eligible First Lien Mortgages

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[9] Includes approximately $4.2 billion of non-Freddie Mac mortgage-related security purchases.
[10] We intend to securitize the majority of these portfolio mortgages.
[11] As implemented by § 81.43(a) of the U.S. Department of Housing and Urban Development's regulations, 24 C.F.R. § 81.43(a) (2005).

- No longer requiring evidence of liquidation of stocks, bonds, mutual funds, U.S. government securities and other securities when the combined value of the assets is at least 20% greater than the amount from these assets needed for closing

Relaxed our requirements related to properties that are pending sale or are being converted to investment properties or second homes by:

- Eliminating the additional reserves and rental income requirements for mortgages for which the borrower's current primary residence is pending sale, but the sale will not close prior to the closing of the new mortgage, or being converted to a second home or investment property
- Expanding the circumstances under which the monthly payment amount for the borrower's current primary residence pending sale can be excluded from the monthly debt payment-to-income ratio

Provided additional flexibility to Construction Conversion and Renovation Mortgages by:

- Generally permitting credit and capacity documentation to be no greater than 365 days old as of the Effective Date of Permanent Financing

Broadened our Seller's market reach to first time and low- to moderate-income borrowers by providing expansion and specificity for Sellers's originating mortgages secured by condominiums units by:

- Expanding our eligibility criteria for non-incidental commercial (or non-residential) project space from 20% to 25% of the total square footage of the project
- Expanding our acceptance of single-investor concentration for projects that consist of 5 – 20 units
- Expanding our eligibility criteria for Established and New Condominium Projects with delinquent assessments by allowing the number of days for which no more than 15% of the total number of units are delinquent on assessments to be 60 days instead of 30 days
- Providing more specificity on what constitutes a Condominium Hotel to help Sellers better determine what is an ineligible project. As a result of these revisions, Condominium Projects in resort locations that do not meet the characteristics of a Condominium Hotel may be acceptable projects

Provided additional collateral-related data guidance by:

- Expanding our appraisal quality messaging in the UCDP by adding over 50 new proprietary feedback messages, and turned 3 existing warnings to fatal hard stops

Addressed property insurance needs in the marketplace by:

- Increasing the insurance loss settlement from $5,000 to $10,000 so Servicers can release greater amounts of insurance proceeds when the loan is current without inspection

- Revising the required minimum deductibles for Lender Placed Insurance (LPI); increasing deductibles for LPI will reduce premium costs to borrowers.

## H. Information Required Under § 307(f)(2)(H)

*§ 307(f)(2)(H) requires that this report describe trends in both the primary and secondary multifamily housing mortgage markets, including a description of the progress made, and any factors impeding progress, toward standardization and securitization of mortgage products for multifamily housing.*

### National Trends in the Primary and Secondary Multifamily Mortgage Markets

The multifamily market continued to experience solid fundamentals during 2015. Data reported by Reis, Inc. indicated that the national apartment vacancy rate increased slightly to 4.4% in 2015 from 4.2% in 2014 (as reported in 2014) and 4.1% in 2013, which is likely the cyclical low. In addition, Reis, Inc. reported that effective rents (i.e., the average rent paid by the tenant over the term of the lease adjusted for concessions by the landlord and costs borne by the tenant) remained strong, growing by 4.7% during 2015. However, the rate of increase is expected to moderate in the future, consistent with the rise in vacancy rates. Vacancy rates and effective rents are important to loan performance because multifamily loans are generally repaid from the cash flows generated by the underlying property and these factors significantly influence those cash flows. Multifamily property prices have been especially strong, with 13% growth in 2015. Multifamily property price growth may slow from this level with the expected moderation in the rate of effective rent increase, the rising vacancy rate, as well as improving returns for other investment types.

While supply has been on the rise and driven the increase in vacancies, demand has also been strong for rental housing in recent periods because of an improving job market and lower homeownership rates. However, in the longer term, the increasing supply may have unfavorable impacts on rental and vacancy rates.

There was significant growth in the multifamily market during 2015. As reported by the Federal Reserve, total multifamily mortgage debt outstanding was approximately $1.1 trillion at September 30, 2015 (the latest available information), representing an increase of $95.0 billion (or 10%) since September 30, 2014, one of the largest annual increases ever reported by the Federal Reserve. Our share of multifamily mortgage debt outstanding has remained relatively stable over the past several years in the 12-14% range. We expect to maintain our share of multifamily mortgage debt outstanding in 2016.

As a result of our strong property performance, our credit losses remain low. Multifamily credit losses (gains) as a percentage of the combined average balance of our multifamily loan and guarantee portfolios were 0.8 basis points, (0.5) basis points, and 0.9 basis points in 2015, 2014, and 2013, respectively. Our delinquency rate of 0.02% at December 31, 2015, remained among the lowest in the industry, primarily due to our prior-approval underwriting approach discussed below. We expect the credit losses and delinquency rates for the multifamily mortgage portfolio to remain low in the near term.

**Freddie Mac Multifamily Financing and Initiatives**

Freddie Mac continued to provide liquidity to the multifamily market and meet the needs for affordable rental housing through credit enhancing or purchasing multifamily mortgages originated by a network of approved lenders. During 2015, our total multifamily new business activity was $47.3 billion in UPB, providing financing for 650,402 apartment units. Nearly 90% of the eligible units we financed during 2015 were affordable to families earning at or below the median income in their area.

Our total new business activity increased from $28.3 billion in 2014 to $47.3 billion in 2015, of which $30.0 billion met the FHFA scorecard goal of maintaining the dollar volume of new multifamily business activity at or below the 2015 cap of $30.0 billion. The remaining $17.3 billion relates to affordable housing categories that are excluded from the volume limit in our 2015 scorecard. More than 90% of the loans we purchased in 2015 were designated for securitization and we continue to pursue strategies to transfer credit risk for loans that are not designated for securitization. In addition, to expand liquidity and affordable housing in the multifamily mortgage market we increased our support of workforce housing during 2015 through new initiatives, including purchases of manufactured housing community loans and small balance loans.

We expect our overall new business to increase in 2016; however, we expect our volume in the capped categories to be at or below the 2016 Conservatorship Scorecard cap of $31.0 billion in UPB. We also expect to introduce new initiatives to support liquidity and workforce housing in the multifamily mortgage market and to transfer risk. Increased market competition from other market participates is expected to continue.

**Standardization and Securitization**

Freddie Mac maintains a strong credit and capital management discipline. We follow a prior-approval approach when underwriting multifamily mortgages, allowing us to maintain our credit discipline by completing our own underwriting and credit review of each newly-originated multifamily loan internally before we accept it for purchase or guarantee. Our primary business model is to purchase held-for-sale multifamily loans for aggregation and securitization through the issuance and guarantee of multifamily K Certificates. Such K Certificates typically feature a wide range of investor options with stable cash flows and structured credit enhancement that transfers the vast majority of credit risk (i.e., expected credit losses) to third-party investors who hold the subordinated securities. The nature of our Multifamily business is based on the general concept that private investor capital absorbs the first and predominant losses before any taxpayer exposure; we believe this positions the business well for the future.

In 2015, Freddie Mac issued $35.6 billion through K Certificate securitizations and $1.7 billion through other securitization products, such as small balance loan securitizations. We also resecuritized $3.4 billion of less liquid non-agency mortgage-related securities.

## I. Information Required Under § 307(f)(2)(I)

> *§ 307(f)(2)(I) requires that this report describe trends in the delinquency and default rates of mortgages secured by housing for low- and moderate-income families that have been purchased by the Corporation, including a comparison of such trends with delinquency and default information for mortgage products serving households with incomes above the median level that have been purchased by the Corporation, and evaluate the impact of such trends on the standards and levels of risk of mortgage products serving low- and moderate-income families.*

Two measures contrast the delinquency and default performance of mortgages serving low- and moderate-income (LMI) borrowers to the performance of mortgages serving borrowers who are above the area median income (non-LMI). In Exhibit I, the second column presents the ratio of early payment delinquency rates for LMI borrowers to that of non-LMI borrowers by acquisition year. The third column in Exhibit I presents the ratio of cumulative lifetime default rates for the two groups of borrowers.[12]

[12] The information presented in this section and in Exhibit I is based upon an analysis of unseasoned, conforming, conventional, forward amortizing, first lien, non-Graduated Equity Mortgages/Graduated Payment Mortgages. The delinquency (default) rates presented in Exhibit I were determined by dividing mortgages serving low- and moderate-income families by the delinquency (default) rates for mortgages serving households with incomes above the median level. Delinquency is defined as the borrower ever being 90 or more days delinquent on the mortgage within 12 months of Freddie Mac's acquisition. Default is defined as a foreclosure, deed-in-lieu of foreclosure, or third party sale occurring at any point since Freddie Mac acquired the mortgage. With respect to the delinquency rate, we analyzed only the performance during the first year so that we could present a trend over time that avoided commingling mortgages of different ages. The analysis presented here does not control for other risk factors, such as LTV or credit history.

**Exhibit I**

**Delinquency and Default Rate of LMI Borrowers**
**Relative to the Delinquency and Default Rate of Higher Income Borrowers**

| Year of Acquisition | Relative Serious Early Delinquency Performance | Relative Ever Default Performance |
|---|---|---|
| 1996 | 1.5 | 1.7 |
| 1997 | 1.7 | 1.8 |
| 1998 | 1.5 | 2.0 |
| 1999 | 1.7 | 2.0 |
| 2000 | 1.9 | 2.7 |
| 2001 | 1.9 | 2.8 |
| 2002 | 2.8 | 3.6 |
| 2003 | 2.7 | 3.0 |
| 2004 | 2.3 | 2.3 |
| 2005 | 1.7 | 1.6 |
| 2006 | 1.2 | 1.1 |
| 2007 | 1.1 | 1.2 |
| 2008 | 1.4 | 1.8 |
| 2009 | 1.9 | 2.8 |
| 2010 | 2.1 | 3.0 |
| 2011 | 2.4 | 3.2 |
| 2012 | 2.1 | 3.3 |
| 2013 | 2.3 | 3.3 |
| 2014 | 2.3 | 2.7 |
| Average | 1.7 | 1.8 |

Source: Internal Freddie Mac delinquency study.

## J. Information Required Under § 307(f)(2)(J)

*§ 307(f)(2)(J) requires that this report describe in the aggregate the seller and servicer network of the Corporation, including the volume of mortgages purchased from minority-owned, women-owned, and community-oriented lenders, and any efforts to facilitate relationships with such lenders.*

Freddie Mac purchases mortgages from a network of more than 1,650 Single-Family lenders and approximately 29[13] Multifamily lenders, benefiting borrowers across the U.S. and its territories. Freddie Mac purchases mortgages from all major lender types. Some of these firms sell mortgages to Freddie Mac on a regular basis, while others sell to Freddie Mac only occasionally.

Of the total Single-Family seller network, more than 1,160 Single-Family lenders sold mortgages to Freddie Mac in 2015, and approximately 93 percent of these Single-Family lenders are considered community-oriented lenders. In 2015, Freddie Mac purchased approximately $64 billion in Single-Family mortgages from community-oriented lenders, approximately $93 billion in Single-Family mortgages from regional lenders, and approximately $11.7 billion in Single-Family mortgages from lenders which identified themselves as minority-owned and women-owned. Freddie Mac's ongoing efforts to facilitate relationships with community-oriented lenders supported our continued ability to source mortgages from these lender institutions. We continued our alliances with the American Bankers Association, the Independent Community Bankers of America, the Credit Union National Association, and the Capital Markets Cooperative. In addition, during 2015, we entered into new alliances with the Mortgage Bankers Association and The Mortgage Collaborative. In 2015, 478 Single-Family lenders participated in our alliance programs, which provide additional services to our lender customers, including customized training opportunities and involvement in local and regional strategic market initiatives. Approximately 10 percent of the dollar volume of mortgages that Freddie Mac purchased from community and regional Single-Family lenders came from participants in our alliance programs.

## K. Information Required Under § 307(f)(2)(K)

*§ 307(f)(2)(K) requires that this report describe the activities undertaken by the Corporation with non-profit and for-profit organizations and with State and local governments and housing finance agencies, including how the Corporation's activities support the objective of comprehensive housing affordability strategies under section 12705 of Title 42.*

Freddie Mac undertakes numerous activities in support of affordable housing with state and local governments, housing finance agencies, our lender customers, and a wide variety of non-profit and for-profit organizations. The following sections describe some of these affordable

[13] Multifamily approved lenders include our Program Plus®, Targeted Affordable Housing, Seniors Housing and Small Balance Loan lenders. This list is available at http://www.freddiemac.com/multifamily/lenders/.

activities Freddie Mac continued to take in 2015 that should also support the objectives of the Cranston-Gonzalez National Affordable Housing Act.

**HFA Activities**

Freddie Mac is providing Housing Finance Agencies (HFAs) with a consistent source of liquidity and supporting their ability to serve low- and moderate-income borrowers. In 2015, Freddie Mac launched Home Possible Advantage, our new low- and moderate-income mortgage purchase program created to increase access to mortgage credit. Home Possible Advantage is a Home Possible® offering with the additional flexibility of 97% maximum loan-to-value (LTV) and 105% maximum total LTV (TLTV) ratio limits. Home Possible Advantage provides a responsible financing option for qualified low- and moderate-income Borrowers, including first-time homebuyers, who may lack funds for a larger down payment. Home Possible Advantage includes our HFA Advantage mortgage product specifically created for State and Local Housing Finance Agencies to support HFA affordable lending, offering preferential pricing to HFAs and enabling HFAs to apply their own mission-driven income limits for borrower eligibility purposes.

Additionally, in 2015, we established an HFA Engagement Team, to continue to actively grow our relationships with State and Local HFAs. The HFA Engagement Team is currently staffed with five experienced industry experts, to provide a dedicated resource to support valuable HFA partners both at the state and local level. Through the HFA Engagement Team, Freddie Mac reached out to state and local HFAs to renew relationships and foster new ones. In 2015, more than 2,100 individuals from 330 different lenders participated in 33 Freddie Mac led HFA Advantage online training sessions nationwide. As of December 31, 2015, 95 HFA partner lenders, as well as, a number of brokers and other correspondents, were using Loan Prospector to assist them with HFA Advantage loans.

**Housing Finance Agency Initiative**

Since 2009, on behalf of the U.S. Department of the Treasury, Freddie Mac along with Fannie Mae are managing the administration of the Housing Finance Agency (HFA) Initiative – New Issue Bond Program (NIBP) and Temporary Credit and Liquidity Program (TCLP). Freddie Mac also worked closely with FHFA and US Bank Corporate Trust on the HFA Initiative.

As part of the Obama Administration's Homeowner Affordability and Stability Plan, the HFA Initiative was an interim solution designed to assist state and local HFAs' lending programs and support their infrastructure.

Throughout 2015, Freddie Mac dedicated significant corporate resources to continue to manage both the NIBP and TCLP. Specifically, staffs from Legal, Counterparty Credit, Single Family, and Multifamily, were involved to ensure effective and proper governance of the program.

The HFA Initiative consists of two main components:

New Issue Bond Program (NIBP) – To enable the HFAs to originate mortgages to low- and moderate-income borrowers at affordable rates, Freddie Mac and Fannie Mae developed a securitization execution whereby Treasury purchased partially guaranteed GSE securities backed by tax-exempt (and certain taxable) bonds issued by the HFAs. The HFAs used the proceeds from bond issuances to originate new single-family and multifamily mortgages. Total completed issuance through the expiration of the program in 2012, including simultaneous and drawn funds from escrow, totaled $12,467,505,000 representing over 86 percent of allocated funds. Single-Family program bond issuance totaled $10,432,965,000, (approximately 84 percent of total allocations) and Multifamily program bond issuance totaled $2,694,470,000 (over 95 percent of total allocations). Additionally, $75,070,000 of Single-Family allocation was transferred to Multifamily per the extension agreement of November 2011. Freddie Mac continues to administer the program jointly with Fannie Mae.

Temporary Credit and Liquidity Program (TCLP) – Under the TCLP, Freddie Mac and Fannie Mae provided substitute credit and liquidity facilities to HFAs to replace their existing liquidity facilities. For a three-year period, Freddie Mac, together with Fannie Mae, provided, on a standby basis, credit support and liquidity guaranties for certain variable rate single-family and multifamily housing revenue bonds. HFAs were required to convert to private liquidity providers as competitive facilities become available to them. The two remaining state HFAs successfully exited the TCLP in 2015, with the program expiring as of December 31, 2015.

**Making Home Affordable and Other Foreclosure Prevention Activities**

In 2015, Freddie Mac continued to support the Making Home Affordable program through outreach initiatives, events, and activities with housing professionals. Freddie Mac Staff and representatives participated in 11 borrower outreach events, which included HOPE NOW Alliance, non-profit, and other mortgage industry events. In support of foreclosure prevention efforts, approximately 37,000 borrowers received information and education on alternatives to foreclosure through our non-profit housing counseling relationships.

In support of FHFA's Neighborhood Stabilization Initiative (NSI), an effort to stabilize communities that have been hardest hit by the housing crisis, Freddie Mac held two borrower outreach events in Chicago to assist eligible borrowers with the MyCity Modification product. The MyCity Modification provides eligible borrowers located within the City of Detroit, Michigan, and Cook County, Illinois with up to a 60% reduction in their monthly principal and interest payments. Approximately 50 borrowers attended these two outreach events. To further compliment NSI, Freddie Mac also launched the Block-by-Block initiative in Chicago's Auburn Gresham neighborhood. The Block-by-Block initiative is designed to revitalize urban neighborhoods that are slowly recovering from the economic housing crisis. Through collaboration with neighborhood organizations, local residents, and key stakeholders, the initiative is intended to help facilitate sustainable neighborhood recovery.

**Borrower Help Centers/ Borrower Help Network**

In order to assist delinquent borrowers avoid foreclosure, Freddie Mac continued to maintain "Borrower Help Centers & Network" (BHC/N) with selected non-profit organizations in several metropolitan areas. The BHC/N initiative is designed to encourage delinquent borrowers to pursue mortgage workouts whenever possible. Through this initiative, Freddie Mac wants to leave no stone unturned in helping struggling homeowners keep their homes. In 2015, the Borrower Help Centers and Borrower Help Network solicited approximately 37,000 delinquent Freddie Mac borrowers, made right-party contact with almost 6,000 borrowers, counseled over 4,200 of those borrowers, and assisted with reinstating over 2,500 delinquent loans after contact. The year was concluded with over 2,600 foreclosures avoided as a result of the Network's outreach.

With the number of delinquencies generally decreasing overall, the BHC/N have repositioned themselves in the community by focusing on preparing potential homebuyers for homeownership through financial literacy and homebuyer education and counseling. Freddie Mac has created other initiatives, as described below, to enhance and increase the amount of education provided. In 2015, the BHC/N educated over 58,000 potential homebuyers on homebuyer education, educated almost 28,000 potential homebuyers on financial literacy, and referred almost 10,000 potential homebuyers seeking a mortgage to Lenders.

**Other Initiatives with Non-Profits**

Freddie Mac continues to engage non-profit organizations, lenders and housing professionals in educational and outreach initiatives designed to inform and prepare homebuyers and homeowners on how to build and maintain better credit, make sound financial decisions and understand the steps to successful long-term homeownership. The educational tools used to support these initiatives include, "CreditSmart", a multilingual financial education curriculum, "CreditSmart Online", "Workforce Home Benefit", "Your Step-By-Step Mortgage Guide", "Get the Facts on Homeownership", and "Take Root" outreach campaigns. 2015 continued to see a significant increase in the requests for CreditSmart training and materials from the non-profits we work with as they are seeing an increase in the numbers of people wanting to enter or re-enter the home buying space.

**Regional and Local Initiatives**

Freddie Mac also undertakes numerous outreach initiatives designed to expand homeownership opportunities specifically in minority and underserved communities in states and localities across the country. These initiatives include financial literacy, homebuyer education and counseling, access to bilingual homeownership information and counseling, outreach to military service members, outreach to women and outreach to individuals and families with disabilities.  Specifically, in 2015, Freddie Mac launched national initiatives with Easter Seals in an effort to increase access to housing information and financial education for veterans, families with disabled members and members of faith-based organizations in minority and underserved communities.

**Affordable Housing Advisory Council (AHAC)**

The AHAC is an annual meeting that Freddie Mac hosts to engage affordable housing leaders to discuss, review and confirm various aspects of our affordable housing approach, policies and initiatives.  In 2015, Freddie Mac re-tooled its AHAC to include approximately 25 executive level representatives from housing finance agencies, lenders, housing intermediaries, housing advocates, realtors and other industry stakeholders.  In October, AHAC convened to discuss key topics facing the affordable housing industry.  Those topics include a "top of mind" discussion, access to credit in the single-family market, access to inventory and community preservation.  Senior leaders from Freddie Mac led these interactive discussions.