

Exhibit E:
Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
 AFFORDABLE HOUSING PRESERVATION
 2023
 PURCHASE

ACTIVITY:

Activity 2 – Section 8: Statutory Activity

OBJECTIVE:

Objective A: Provide Liquidity and Stability through Section 8 Loan Purchases

INFEASIBILITY:

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

If applicable, provide a concise summary of the underserved market conditions or other extenuating circumstances outside of the Enterprise’s control that substantially interfered with accomplishment of the objective.

SUMMARY OF RESULTS:

Provide a concise summary of the volume of loan purchases under this objective and how they compare to the Plan targets. Include the baseline in the summary.

If there are other relevant results under this objective beyond the loan purchases themselves, provide a concise summary of those results here. Include in the summary a list of any non-loan purchase actions or deliverables specified in the objective that were not completed.

In 2023, Freddie Mac exceeded both our original target of 27,200 units and our modified target of 20,400 units for purchases of Section 8 mortgages, which includes project-based and tenant-based Housing Choice Voucher units, with a total of 27,849 units. Freddie Mac has long been a significant source of capital in the Section 8 market, and our success in achieving the 2023 DTS target represents our continued commitment to the space. Our baseline for the activity is 27,001 units, which is the three-year average of actual volume for 2018 to 2020.

Despite challenges from a volatile and high interest rate environment and a shrinking multifamily market, we were still able to exceed both our modified and original targets.

<i>Objective’s components detailed in the Plan</i>	<i>Corresponding actions or deliverables</i>	<i>Any deviations from the Plan (if applicable)</i>
20,400 Section 8 units	27,849 Section 8 units	Modification

SELF-ASSESSMENT RATING OF PROGRESS:

Select the category that best describes progress on this objective for the year.

- 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:

Answer the following questions.

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?

For low- and very low-income renters who rely on the program, Section 8 provides critical resources for accessing safe, decent, and affordable housing. Freddie Mac's role in the market ensures consistent access to debt capital and continued availability of Section 8 units and vouchers, even as market dynamics shift. Freddie Mac's business model and work in the Section 8 market allows for the development and promotion of strong and effective partnerships with public housing authorities and lenders, which are essential to our ability to meet and exceed our Section 8-unit purchase targets.

In 2023, we saw a shrinking multifamily market – an estimate from the Mortgage Bankers Association projected a more than 40% contraction in 2023 multifamily originations. Additionally, volatile and high interest rates infused uncertainty into the market, particularly in the first half of the year. Freddie Mac projected falling property prices and net operating incomes (NOIs) and adjusted our approach to exceptions to credit policy accordingly. This credit discipline led to a slowing of our pipeline, particularly in the first two quarters of the year, but ultimately proved to be the prudent approach from a safety and soundness perspective.

Despite headwinds in the early part of the year, in the third and fourth quarters, we saw increased stability as the market adjusted to the higher interest rate environment. Although this better positioned Freddie Mac to attract additional Section 8 transactions, meeting our target still required a substantial level of effort.

Our Section 8-unit goal was a constant topic of discussion from quarterly calls between Freddie Mac senior leaders and Optigo lenders to weekly pipeline calls with lender relationship managers. Through these engagements, Freddie Mac sought near constant feedback on the lending environment to better understand market conditions. This allowed us to position appropriately and responsibly lean in on target-accretive transactions.

Due to the seasonality of our business and the market stabilizing, Freddie Mac's lending volume increased in the second half of the year, including for business related to our mission targets. To accommodate the increased demand on internal resources, in 2023 Freddie Mac cross-trained its conventional and small balance underwriters, allowing them to assist with Targeted Affordable Housing loans as needed. Through the end of December, our teams worked together to reach our Section 8 target. Our production and underwriting teams held daily calls to locate all loans that could close within the calendar year, prioritizing those that helped us meet our Section-8 and other mission-related targets.

These efforts together allowed Freddie Mac to maintain its vital role in the Section 8 market, helping provide safe, decent, and affordable housing to very low- and low-income households. Some examples of Freddie Mac's high impact Section 8 transactions include:

- **Edenwald Houses – Bronx, NY:** This is a public housing development consisting of 2,030 Section 8 units. The transaction was Freddie Mac's largest Section 8-unit deal of 2023. Freddie Mac's financing is being used to fund the rehabilitation and recapitalization of the property. All of the rentable units at the property (2,030 of 2,035) are

rent- and income-restricted, and the property rents are on average 4.4% below the appraiser's market rents. The affordability of the property is expected to limit turnover and vacancy, resulting in a more stable income than would be experienced by an unrestricted, market-rate property. The Edenwald Housing project is part of a New York City-wide, 10-year public-private partnership to improve the city's public housing.

- **Oaks Intown – Albany, GA:** This is a 279-unit public housing project that spans seventy-one 1- and 2-story apartment buildings. All the 279-units are rent- and income-restricted Section 8 units at 50% and 60% AMI and the average property rents are 8.5% below the area's unrestricted market rents. The project is also part of the RAD program and utilizes LIHTC, HOME, and TEL.
 - **Capitol Homes Apartments – Salt Lake City, UT:** This is a 93-unit, rent- and income-restricted, newly constructed apartment community. More than two-thirds of the units are project-based Section 8 units. Additionally, the project is a 9% LIHTC deal, which further restricts rents and income eligibility for the property.
2. What did the Enterprise learn from its work about the nature of the underserved market's needs and how to address them?

Freddie Mac learned that despite our history of providing strong support to the Section 8 market, market conditions have the potential to significantly impede our ability to reach targets. Our experience this year also underscored the importance of key partnerships and relationships. For example, our partnership and direct lines of communication with NYHDC helped bring in our largest Section 8 unit deal of the year. We look forward to continuing this partnership and creating similar relationships with other housing authorities.

We also learned that prudent credit practices are essential even when they may seem to hamper our progress toward a goal. We lost a significant number of deals early in the year as a result of these practices, but our expectations related to property values and market conditions more broadly were eventually validated and our ability to win business improved as the market stabilized.

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

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

Q2: APRIL- JUNE 2023

PURCHASE

ACTIVITY:

2 –Section 8: Statutory Activity

OBJECTIVE:

A - Provide Liquidity and Stability Through Section 8 Loan Purchases

SUMMARY OF PROGRESS:

Freddie Mac has funded 11,215 Section 8 units as of Q2 against our 27,200-unit 2023 target. This is behind our pace for 2022 where we exceeded our 27,100-unit target, funding 32,629 units. Our baseline is our 2018-2020 three-year average actual volume of 27,001 units. We project that we will only partially complete our objective.

SELF-ASSESSMENT RATING OF PROGRESS:

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

- 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):

The reduction in Freddie Mac's year-over-year Section 8 loan purchase volume is due to a number of factors, including a reduction in the size of the multifamily market, which was largely driven by the interest rate environment. The Mortgage Bankers Association projects that the origination market will contract by 38% in 2023.

It is also attributable to market conditions in the first half of the year, which required credit discipline. Early in 2023, Freddie Mac projected that property prices and net operating incomes (NOIs) were likely to fall, and those declines have materialized. Freddie Mac chose to be prudent about exceptions to credit policy based on its projections. Many of our competitors continued to offer aggressive credit terms. While we lost market share during this time, our initial prediction regarding the market has been correct and a prudent approach on credit was warranted.

The future months look more stable as the economy has adjusted to higher interest rates while maintaining a high level of employment. As a result, we are now better positioned to attract additional Section 8 transactions throughout the remainder of the year and into 2024 and expect to see more transactions. Given the length of our Section 8 transaction cycle, we still anticipate that we may fall short of target in 2023.

We are on pace for a successful year relative to the size of the market because of our funding of three large transactions in the first half of the year. Given that our goals reflect growth over baselines established during favorable market conditions, we may fall short of our goal despite our efforts. Meeting the 2023 target will be challenging given market factors which are outside our control.