Exhibit E:

# Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2023
LOAN PURCHASE

ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

A – Purchase Single-Family Loans in High-Needs Rural Regions

INFEASIBILITY:

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

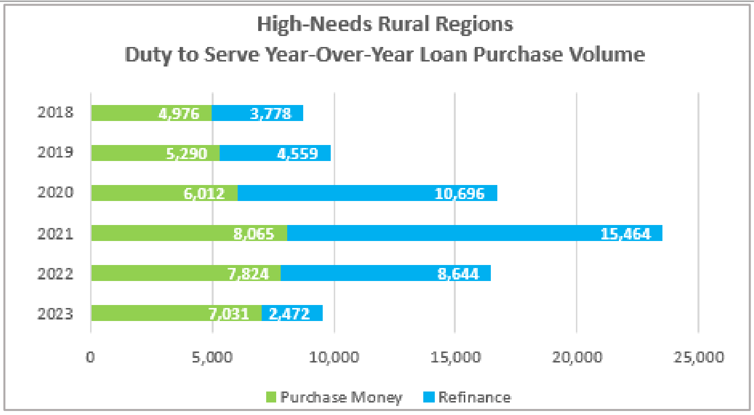
SUMMARY OF RESULTS:

| | Loan Count | | | UPB ($MM) |
|---|---|---|---|---|
| **Baseline** | 17,554 | | | - |
| **2023 Target** | 6,400-6,500 | | | - |
| **2023 Volume** | 9,503 | | | $1,417 |
| **2023 Volume by AMI** | ≤ 50%: 1,851 | > 50-80%: 4,697 | > 80-100%: 2,955 | |

Freddie Mac exceeded our 2023 target under this objective, helping more people in high-needs rural regions (HNRR) achieve sustainable homeownership.

In total, we provided more than $1.4 billion in liquidity to fund 9,503 qualifying loans in HNRR in 2023, 46% (by volume) below our baseline and 46% above the top of our target range. Of this volume, 69% comprised loans made to households with very low and low incomes, about the same as in 2022.

Of our total 2023 volume in this market, 74% of loans were for home purchases and 26% were for refinances, as shown in the following chart. Rapidly rising interest rates along with high home prices and the continued shortage of homes for sale led to a 10% year-over-year drop in purchase-money loan volume. The interest rate environment also made refinancing less attractive to homeowners, many of whom already have mortgages with comparatively lower interest rates. As a result, our refinance loan purchases dropped 71% year over year. Although qualified HNRR loan purchases fell 42% overall, including significant decreases in deliveries from many of our top lenders and aggregators, our results were relatively strong when considering market conditions. As a comparison, Freddie Mac's Single-Family portfolio fell 47% year over year.




We drove loan purchases through a multi-pronged approach, including performing extensive, integrated outreach to lenders with rural footprints and holding geographically focused forums to exchange ideas on how to enhance support and increase liquidity in rural areas. We also engaged strategically with lenders toward expanding our direct and indirect seller network. In addition, above and beyond Plan objectives, we continued to collaborate with trusted non-profit housing intermediaries to expand access to financial management and homebuyer education and counseling.

We delivered this level of effort and exceeded our purchase target in the face of challenging market and economic conditions, including changes in lenders' staffing and business priorities. 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

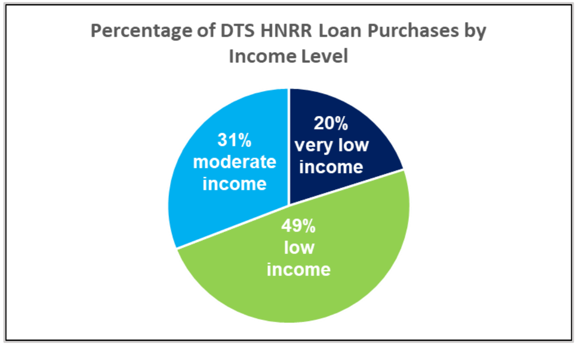
☐ 0 – No Impact

## 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 actions made a significant impact in HNRR by providing liquidity, access to the secondary market, and opportunities to achieve sustainable homeownership, while contending with inflationary pressures, low inventory of affordable homes, rising home prices and interest rates in 2023.

More than two-thirds of our loan purchases in HNRR benefited households with very low and low incomes. In addition, 52% of home-purchase loans helped households buy their first homes, up 7 percentage points from 2022 and 1% more than 2023 Single-Family portfolio loan purchases.




Our achievement under this objective reflects our leadership and commitment to increasing lending and sustainable homeownership opportunities in high-needs rural regions:

- Continued to conduct extensive outreach and education, reaching around 5,800 industry participants through in-person events, webinars, and on-demand tutorials.
- Continued extensive industry outreach and education to raise awareness, adoption, and effective usage of our offerings to promote affordable lending and access to credit for sustainable homeownership.
- Directly engaged more frequently than usual with lenders that have presence in HNRR to encourage them to adopt and use our offerings and to sell loans to Freddie Mac. In tandem, we deployed an integrated, targeted marketing effort. As part of these efforts, we promoted the pricing benefits of certain products as well as relevant down payment assistance.
- Made additional, strategic efforts to engage small lenders in rural markets to help expand our direct and indirect delivery channels.
    - Conducted forums with lenders at a regional level to deepen our insights into their needs and those of potential borrowers.
    - Bought Duty to Serve-qualified loans in high-needs rural regions from a large number of lenders that had not sold us loans in at least a year.
    - Bought more loans through aggregators, which has been a strategic focus as a means of expanding access to the secondary mortgage market.
- Held our fifth annual Rural Research Symposium, bringing together leaders from across the housing industry to share research, insights and focus our collective efforts to solution issues in the rural housing market.
- Laid the foundation for Native households in tribal areas to finance homes using a conventional mortgage product with the launch of HeritageOne℠ .
- Laid the foundation to increase loan deliveries by enhancing automated income assessment with Loan Product Advisor®, which increases lenders' confidence in documenting self-employed borrowers' income.

Because of our Duty to Serve efforts, Freddie Mac had a significant impact in HNRR:

- More lenders have access to the secondary market, more financing options, and more confidence in lending in HNRR.
- More people achieved responsible homeownership.
- More people were able to purchase homes for the first time.

- Non-profit housing agencies have more capacity to fulfill their missions.
- Since our Duty to Serve program's start in 2018, we provided more than $11 billion in liquidity to HNRR, financing nearly 85,000 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 the extent to which volatility in interest rates, home prices, and available housing stock caused the housing finance market to contract. Freddie Mac and First American economists presented the insights during our Rural Research Symposium. Based on data from the National Association of Realtors® (NAR), the Federal Reserve Board of St. Louis, and First American calculations, 111 of every 10,000 homes – or 1% of new and existing homes – were for sale at the end of third quarter 2023. Low and declining supply has led to a strong rebound in home prices. Interest rates continued to rise throughout 2023, topping out at nearly 8% at the beginning of the fourth quarter, according to Freddie Mac's Primary Mortgage Market Survey®. According to NAR's Fixed-Rate Housing Affordability Index, affordability is at its lowest point since July 1985. In addition, First American's analysis of loans in the National Mortgage Database as of second quarter 2023, 90% of homeowners have a mortgage interest rate of 6% or less; more than 60% have a rate of 4% or less. Accordingly, the pool of homeowners willing to refinance – or to put their homes on the market – is low. Although interest rates have begun to dip slightly and housing starts are picking up, affordability and refinances likely will remain low in 2024. Freddie Mac will continue our concerted efforts to increase liquidity and affordable, sustainable homeownership opportunities in high-needs rural regions.

We also learned that lenders are more willing to sell loans to Freddie Mac, versus holding them in portfolio, when certain verification processes are automated. Many rural borrowers are self-employed, but many lenders in high-needs rural regions are not confident enough in their documentation of those borrowers' income to sell the loans to Freddie Mac; they are concerned that they might not meet our standards and risk repurchase. Freddie Mac released an enhancement to our Asset and Income Modeler (AIM) in Loan Product Advisor in third quarter that allows the lender – with the borrower's permission – to request the borrower's tax transcript from the IRS through a designated service provider with a direct connection to the IRS. This automation makes the process more efficient and helps ensure that the loan is underwritten and documented accurately. Lenders using this approach receive representation and warranty relief when they deliver the loans to Freddie Mac. Initial lender response has been positive.

**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
RURAL HOUSING
Q1: JANUARY-MARCH 2023
LOAN PURCHASE

ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

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

SUMMARY OF PROGRESS:

| | Loan Count | | | UPB ($MM) |
|---|---|---|---|---|
| **Baseline** | 10,527 | | | - |
| **2023 Target** | 13,900-14,650 | | | - |
| **2023 Volume** | 1,732 | | | $246 |
| **2023 Volume by AMI** | ≤ 50%: 18% | > 50-80%: 51% | > 80-100%: 31% | |

Freddie Mac made progress in the first quarter toward our 2023 goals under this objective, purchasing 1,732 loans in high-needs rural regions and providing $246 million to the market. However, we fell more than 1,600 loans short of our tracking benchmark.

Purchases of loans on rural homes consistently have lagged our monthly tracking benchmarks this year and are expected to fall well short of the current 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 has been working to accelerate loan purchases in high-needs rural regions. Our integrated approach includes engaging with lenders operating in high-needs rural regions to promote adoption and usage of our offerings as well as relevant pricing benefits and availability of down payment assistance. It also includes conducting targeted outreach to small lenders to expand our direct and indirect loan delivery channels as well as highlighting offerings that are most useful in rural areas through marketing and communications activities.

However, market headwinds are impeding progress toward our targets. The interest rate environment is a primary cause. Freddie Mac researchers found[1] that the total number of mortgage-ready individuals shrinks by three million to four million per percentage increase in interest rates. They calculated that, based on the recent high mortgage rate – near 7% – and median home prices at the time – around $400,000 – about 15 million fewer potential homebuyers could sustainably afford mortgages than when rates were 3%. Rates declined a fraction of a percent since the research was published last November. On the other hand, according to the St. Louis Federal Reserve, the median home price rose to around $435,000 at the end of first quarter 2023.

Many lenders are holding loans in portfolio so that they can originate loans with terms that fall outside of the Enterprises' credit box, according to lenders we interviewed.

Home prices continue to climb in part based on the substantial housing supply gap, which has widened as more people are working remotely and choosing to move to rural areas. Labor and materials shortages have expanded the time and costs of building new and repairing or renovating existing homes. Therefore, construction activity has remained too low to help narrow the gap. Further constraining supply in rural areas is the lower-than-average resale rate. Homeowners there tend to stay in the same home longer and are more likely to age in place.

Continued high inflation rates further dampen prospects for the housing market. Many households may have less money to put toward a home purchase or refinance closing costs, given the higher costs of living.

Our efforts are yielding results; however, the 2023 target stated under this Duty to Serve Plan objective remains too far out of reach to achieve by year-end. Accordingly, we will submit a proposed Plan modification to FHFA in second quarter to lower this year's target. We expect the market conditions described to persist into next year.

[1] Freddie Mac Research Brief; "Do Rising Interest Rates Price Out Mortgage-Ready Borrowers?"; November 21, 2022: https://www.freddiemac.com/research/insight/20221121-do-rising-interest-rates-price-out-mortgage-ready

Exhibit A:

**Quarterly Loan Purchase Narrative Reporting Template**

FREDDIE MAC

RURAL HOUSING

Q2: JANUARY-JUNE 2023

LOAN PURCHASE

## ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

## OBJECTIVE:

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

## SUMMARY OF PROGRESS:

| | Loan Count | | | UPB ($MM) |
|---|---|---|---|---|
| **Baseline** | 10,527 | | | - |
| **2023 Target** | 13,900-14,650 | | | - |
| **2023 Volume Through Q2** | 4,143 | | | $609 |
| **2023 Volume by AMI** | ≤ 50%: 20% | > 50-80%: 50% | > 80-100%: 30% | |

Freddie Mac made progress in the first half of the year toward our 2023 goals under this objective, purchasing 4,143 loans in high-needs rural regions and providing $609 million to the market.

We ramped up our efforts to increase loan deliveries from lenders operating in high-needs rural areas and accelerate loan purchases.

- We have engaged more frequently than usual with lenders that have presence in high-needs rural regions to encourage them to adopt and use our offerings and to sell loans to Freddie Mac. In tandem, we deployed an integrated, targeted marketing effort. As part of these efforts, we promote the pricing benefits of certain products as well as relevant down payment assistance.
- We are reaching out to small lenders in rural markets to help expand our direct and indirect delivery channels.
- We conducted forums with lenders at a regional level to deepen our insights into their needs and those of potential borrowers. Based on their input, we are prioritizing the promotion of the Freddie Mac products and other offerings that would be most relevant and beneficial in their areas.
- We are analyzing loan data to identify opportunities for additional targeted and individualized outreach to lenders.

Despite our concerted efforts, purchases of loans on homes in high-needs rural regions consistently have lagged our monthly tracking benchmarks this year. At the end of June, volume was significantly off the tracking benchmark. 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 continues to implement a multi-pronged approach toward overcoming our loan purchase deficiency and meeting our 2023 purchase target. It includes performing extensive, integrated outreach to lenders with rural footprints; strategically engaging with lenders to expand our network of direct and indirect sellers; holding geographically focused forums to exchange ideas on how to enhance support and increase liquidity in rural areas; conducting targeted outreach to key sellers to determine additional opportunities to deliver loans to Freddie Mac.

However, the challenges described in detail in our first-quarter reporting narrative continue to adversely affect loan purchase opportunities. Rising interest rates and home prices have exacerbated affordability challenges and slowed home sales. Refinances also have fallen steeply because of comparatively high interest rates. Many lenders are offering terms to borrowers that do not meet GSE standards and are holding more loans in portfolio as a result. Furthermore, housing inventory is low, and high construction costs inhibit the building of affordable homes. In addition, inflation is driving up the cost of living, making it harder for many households to attain sustainable homeownership.

Our efforts are resulting in some progress; however, the 2023 target stated under this Duty to Serve Plan objective remains too far out of reach to achieve by year-end. Accordingly, we submitted a proposed Plan modification to FHFA on July 11.

Exhibit A:

# Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
Q3: JANUARY-SEPTEMBER 2023
LOAN PURCHASE

## ACTIVITY:

1 – Support for High-Needs Rural Regions: Regulatory Activity

## OBJECTIVE:

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

## SUMMARY OF PROGRESS:

| | Loan Count | | | UPB ($MM) |
|---|---|---|---|---|
| **Baseline** | 10,527 | | | - |
| **2023 Target** | 13,900-14,650 | | | - |
| **2023 Volume Through Q3** | 7,054 | | | $1,052 |
| **2023 Volume by AMI** | ≤ 50%: 20% | > 50-80%: 49% | > 80-100%: 31% | |

Freddie Mac made progress toward our 2023 goals under this objective, purchasing 7,054 loans in high-needs rural regions and providing more than $1.05 billion to the market in the first three quarters of the year.

We ramped up our efforts to increase loan deliveries from lenders operating in high-needs rural areas and accelerate loan purchases.

- We engage more frequently than usual with lenders that have presence in high-needs rural regions to encourage them to adopt and use our offerings and to sell loans to Freddie Mac. In tandem, we deployed an integrated, targeted marketing effort. As part of these efforts, we promote the pricing benefits of certain products as well as relevant down payment assistance.
- We have been reaching out to small lenders in rural markets to help expand our direct and indirect delivery channels.
- We conducted forums with lenders at a regional level to deepen our insights into their needs and those of potential borrowers. Based on their input, we prioritize the promotion of the Freddie Mac products and other offerings that would be most relevant and beneficial in their areas.
- We analyzed rural loan data to identify opportunities for additional targeted and individualized outreach to SFIs. The strategy and tactical plan for engaging with lenders based on our analysis are being finalized.

Despite our concerted efforts, purchases of loans on homes in high-needs rural regions continued to lag our year-to-date tracking benchmark at the end of third quarter. See 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 continues to implement a multi-pronged approach toward overcoming our loan purchase deficiency and meeting our 2023 purchase target. Among our efforts:

- Performing extensive, integrated outreach to lenders with rural footprints
- Strategically engaging with lenders to expand our network of direct and indirect sellers
- Holding geographically focused forums to exchange ideas on how to enhance support and increase liquidity in rural areas
- Conducting targeted outreach to key sellers to determine additional opportunities to deliver loans to Freddie Mac

However, the challenges described in detail in our first-quarter reporting narrative continue to adversely affect loan purchase opportunities. Rising interest rates and home prices have exacerbated affordability challenges and slowed home sales. Refinances also have fallen steeply because of comparatively high interest rates. Many lenders are offering terms to borrowers that do not meet GSE standards and are holding more loans in portfolio as a result. Furthermore, housing inventory is low, and high construction costs inhibit the building of affordable homes. In addition, inflation is driving up the cost of living, making it harder for many households to attain sustainable homeownership.

Our efforts are yielding results; however, market conditions have made the 2023 target unachievable. Accordingly, we submitted a proposed Plan modification to FHFA on July 11. We are on track to meet the proposed modified targets.