Exhibit F:
Annual Investments Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
2023
INVESTMENT

ACTIVITY:

Activity 5 – Support Multifamily Properties in All Rural Areas: Additional Activity

OBJECTIVE:

Objective B: Engage in LIHTC Equity Investment in All Rural Areas

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 investments made 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 investments themselves, provide a concise summary of those results here. Include in the summary a list of any non-investment actions or deliverables specified in the objective that were not completed.

In 2023, Freddie Mac exceeded our LIHTC equity investment target in support of rural areas, supporting 26 transactions. Through our $269 million cumulative investment, we supported the creation or rehabilitation of 1,784 affordable housing units. We exceeded our 22-transaction target despite challenges, including a shrinking overall market and significant delays at USDA Rural Development related to understaffing. Freddie Mac has provided strong and consistent support to the LIHTC equity market since 2018, and by focusing a meaningful portion of our investment capital in rural areas, we are able to provide stability and increase competition in these markets. Our baseline is 15 transactions or 922 units, an average of our 2018-2020 transactions.

Objective's components detailed in the Plan	*Corresponding actions or deliverables*	*Any deviations from the Plan (if applicable)*
22 Transactions	26 Transactions	N/A

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?

Freddie Mac provides stability and competition to the rural LIHTC equity market by focusing a meaningful portion of our overall LIHTC equity investment strategy in rural areas. These investments have made significant positive impacts on rural regions and have helped improve LIHTC pricing. To meet our targets, we have continued to cultivate relationships with rural developers, lenders and LIHTC syndicators, generating a significant cumulative impact since our re-entry to the LIHTC equity investment space in 2018.

Given that the potential pipeline for these deals is limited, Freddie Mac works to clearly communicate its investment objectives to its LIHTC syndicators at the outset of the year so that they are constantly monitoring the market for possible transactions. To meet our goals, Freddie Mac must offer pricing conducive to winning a high percentage of these transactions. This can help support a higher price per credit, which may provide developers with additional equity, reducing their needs for higher-cost sources of capital. In addition, to meet our targets, Freddie Mac must build a pipeline of potential transactions that well-exceeds our target given that these transactions are often subject to delays outside our control or other circumstances that may cause certain transactions to not be viable.

Two examples that demonstrate the impact of our rural investments in 2023 are:

- **University Gardens – Whitewater, WI:** This is a 108-unit property with 99 units set aside for households earning between 50% and 60% area median income (AMI) and 2 units restricted to households making up to 80% AMI. This investment will cover the rehabilitation of all 108 units. Additionally, 22 of the units are set aside for persons needing supportive services, 12 units are set aside for veterans, and another 22 units are set aside for households with a minimum of one individual with a physical, mental, or developmental disability.

- **Oakdale Senior Village – Salina, KS:** This is a 137-unit property spread across two sites, where all units are restricted to households earning no more than 60% of AMI. Additionally, all units will benefit from a Section 8 HAP contract. This investment will support the rehabilitation of all 137 units.

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 again found that its investment in rural LIHTC equity helps provide liquidity and stability to these markets. We also again found that these areas are in need of investment as a result of historic underinvestment, limited competition for tax credits, allocation volatility, and a lack of CRA eligible credit. Because rural areas are typically outside of CRA assessment regions, there is less competition for investments in these areas, which puts downward pressure on LIHTC pricing, making the credits less effective. Our investments can help to improve pricing by driving competition for tax

credits. Additionally, we found that state Qualified Allocation Plans (QAPs) used to award LIHTC projects create a very competitive process that can further favor urban and medium-sized metropolitan markets over rural areas. Finally, underwriting challenges and USDA Rural Development (RD) timelines add unpredictability and length to the investment process.

Last year, Freddie Mac set clear expectations for our LIHTC syndicator network about the importance of identifying transactions in Rural areas. Our syndicator network is essential to our efforts to uncover viable transactions. Freddie Mac also attended conferences, including the Travois Conference and the Council for Affordable and Rural Housing (CARH) conference, in order to connect with rural developers and educate them on our offerings. This increased networking and outreach helped us exceed our 2023 goal and lays a foundation for our future efforts in rural areas.

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

Not applicable.