Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2023

LOAN PURCHASE

ACTIVITY:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A – Provide Liquidity to Small Financial Institutions Serving Rural Areas

INFEASIBILITY:

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

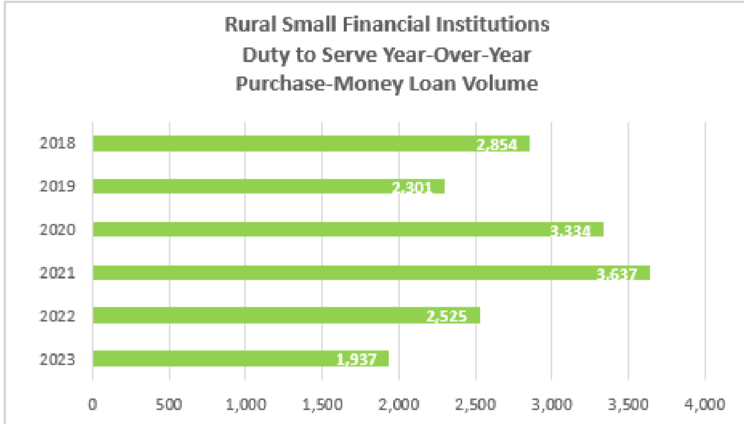
SUMMARY OF RESULTS:

	Loan Count			UPB ($MM)
Baseline	2,723			-
2023 Target	1,475-1,800			-
2023 Volume	1,937			$303
2023 Volume by AMI	≤ 50%: 383	> 50-80%: 1,009	> 80-100%: 545	

Freddie Mac exceeded our 2023 target under this objective for purchases of loans from small financial institutions (SFIs).

In total, we provided $303 million in liquidity to fund 1,937 qualifying purchase-money loans originated by SFIs serving rural areas in 2023, surpassing the top of our target range by 8% (by volume) but 29% below our baseline. Of this volume, 72% comprised loans made to households with lower incomes, the same as in 2022.

Rapidly rising interest rates along with high home prices and the continued shortage of homes for sale led to a 23% year-over-year drop in purchase-money loan volume. Although qualified SFI loan purchases fell 24% overall, some of our top lenders and aggregators were able to increase deliveries. Overall, 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 from SFIs in rural areas through a multi-pronged approach. We continued our stepped-up outreach to lenders and potential aggregators as well as worked to form direct and indirect selling relationships with institutions defined as small under the Duty to Serve rule. To identify areas and lenders for added focus, we analyzed our loan data. We also educated industry professionals on how using our products and resources can help them create more homeownership opportunities and grow their businesses. Furthermore, we offered improved pricing for certain loans. 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 that could lead to more people financing affordable, sustainable homeownership.

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:

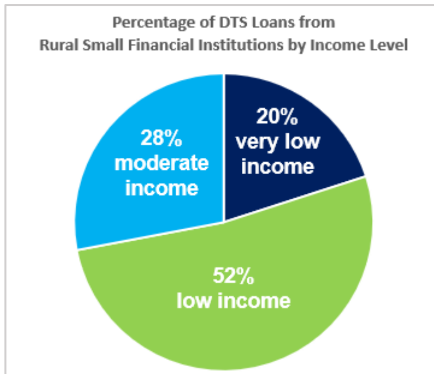
☐ 50 – Very Large Impact
☐ 40
☒ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

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 results under this objective had a meaningful impact on the market 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, and a shrinking pool of Duty to Serve-eligible SFIs.

Our loan purchases enabled affordable lending to people who most need greater access to credit. Nearly three-quarters of our 2023 purchases from SFIs benefited rural homebuyers with very low and low incomes, which remained steady year over year. In addition, 55% of our loan purchases from SFIs helped individuals buy their first homes, 7 percentage points more than in 2022.



Our achievement under this objective reflects our leadership and commitment to supporting lending and sustainable homeownership opportunities with SFIs operating in rural regions:

- Engaged more frequently than usual with SFIs with presence in rural regions to encourage them to adopt and use our offerings and to sell loans to Freddie Mac.
- Conducted an integrated, targeted marketing effort to raise awareness of how, working together, we could help create affordable homeownership opportunities. As part of these efforts, we promoted our products that are most beneficial to rural areas, the pricing benefits of certain products, and relevant down payment assistance opportunities.
- Offered pay-ups to standard cash pricing for fixed-rate small-balance loans; most of the rural loans we bought from SFIs were for lower balances.
- Strategically reached out to small lenders in rural markets to help expand our direct and indirect delivery channels.
- Bought loans from a significant number of direct and indirect sellers that had not sold loans to Freddie Mac in at least a year.
- Updated our policies to allow community development financial institutions and credit unions that deliver first-lien mortgages to Freddie Mac to provide funding for affordable seconds as well, when certain eligibility requirements are met.
- Mined our rural loan data to identify opportunities for additional targeted and individualized outreach to lenders.

Because of our Duty to Serve efforts, Freddie Mac a meaningful impact on SFIs in rural areas:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- More people purchased homes for the first time.
- More people achieved responsible homeownership.
- Since our Duty to Serve program's start in 2018, we provided nearly $5.3 billion in liquidity to rural SFIs, financing nearly 40,000 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 that SFIs' tendency to employ certain flexibilities more than other lenders do, combined with the Duty to Serve SFI asset limit, make increasing liquidity in this market progressively more challenging despite efforts to expand our support. SFIs, particularly in rural areas, often are more comfortable originating loans with terms that fall outside of the Enterprises' credit box so that they can lend to more people in their communities who might not otherwise qualify for mortgages. The SFIs hold the loans in portfolio as a result. Many SFIs are taking this approach more than usual to help sustain their businesses while market and economic conditions make homeownership less affordable. In addition, the number of lenders that meet the Duty to Serve definition of a small financial institution continues to shrink each year through closures, mergers, and acquisitions, which further shrinks opportunities to buy loans from SFIs.

Moreover, staffing reductions because of market conditions may have cost SFIs expertise to originate loans using Freddie Mac products. In part because of the actions within lender organizations, and in our efforts to increase market participation, we continually must conduct outreach and education. Staff members either may have picked up responsibilities from others who were let go or may need a refresher because of the amount of time that had passed between originally completing training and needing to apply the learning to a live transaction. Where needed, we also provided personalized support to guide lenders through specific transactions to help increase their confidence and complete the process. Furthermore, we perform outreach and provide education to encourage lenders to use our products and deliver loans to us.

Freddie Mac spends a substantial and increasing amount of time and resources toward fulfilling our annual commitments in this market. Additional efforts in 2023 included tapping into our wealth of data to gain insights and weaving them into strategic plans for conducting targeted outreach to SFIs and making the most of the opportunities identified.

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:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A – Provide Liquidity to Small Financial Institutions Serving Rural Areas

SUMMARY OF PROGRESS:

	Loan Count			**UPB ($MM)**
Baseline	2,645			-
2023 Target	2,400-2,450			-
2023 Volume	315			$46
2023 Volume by AMI	≤ 50%: 17%	> 50-80%: 53%	> 80-100%: 30%	

Freddie Mac made progress in the first quarter toward our 2023 goals under this objective, purchasing 315 loans from small financial institutions (SFIs) in rural areas and providing $46 million to the market. However, we fell more than 250 loans short of our tracking benchmark.

Rural home loan purchases from SFIs 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 from SFIs in rural areas. Our integrated approach includes conducting targeted outreach to small lenders to expand our direct and indirect loan delivery channels. It also entails engaging with SFIs to promote adoption and usage of our offerings – including highlighting relevant pricing benefits and availability of down payment assistance – and featuring offerings that are most useful in rural areas in our marketing and communications activities.

Applying the colonia definition that FHFA published in April 2023 resulted in a de minimis volume increase in the rural tracts served by SFIs.

Market headwinds are impeding progress toward our targets. SFIs have delivered far fewer loans than in past years, with many delivering none in first quarter 2023. 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.

Another pressure: The continuing loss of eligible lenders through closures, mergers, and acquisitions reduces opportunities to buy loans from SFIs. About 11% of both the banks and credit unions on the list received from FHFA were no longer active at the end of 2022. The pool of eligible lenders has shrunk each year.

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:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A – Provide Liquidity to Small Financial Institutions Serving Rural Areas

SUMMARY OF PROGRESS:

	Loan Count			UPB ($MM)
Baseline	2,645			-
2023 Target	2,400-2,450			-
2023 Volume Through Q2	847			$132
2023 Volume by AMI	≤ 50%: 19%	> 50-80%: 54%	> 80-100%: 27%	

Freddie Mac made progress toward our 2023 goals under this objective to increase loan purchases from small financial institutions (SFIs) in rural areas. In the first half of the year, we purchased 847 loans and provided $132 million in liquidity to the market.

We ramped up our efforts to increase loan deliveries from SFIs operating in rural areas and accelerate loan purchases.

- We have engaged more frequently than usual with SFIs with presence in 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 from SFIs of loans on rural homes 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. Another pressure affecting market opportunity: The continuing loss of eligible lenders through closures, mergers, and acquisitions. About 11% of both the banks and credit unions on the list received from FHFA were no longer active at the end of 2022. The pool of eligible lenders has shrunk each year.

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:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A – Provide Liquidity to Small Financial Institutions Serving Rural Areas

SUMMARY OF PROGRESS:

	Loan Count			UPB ($MM)
Baseline	2,645			-
2023 Target	2,400-2,450			-
2023 Volume Through Q3	1,451			$227
2023 Volume by AMI	≤ 50%: 21%	> 50-80%: 52%	> 80-100%: 27%	

Freddie Mac made progress toward our 2023 goals under this objective to purchase loans on rural homes from small financial institutions (SFIs). In the first three quarters of the year, we purchased 1,451 loans and provided more than $227 million in liquidity to the market.

We ramped up our efforts to increase loan deliveries from SFIs operating in rural areas and accelerate loan purchases.

- We engage more frequently than usual with SFIs with presence in 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 prioritized 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 lenders. The strategy and tactical plan for engaging with lenders based on our analysis are being finalized.

Despite our concerted efforts, purchases from SFIs of loans on rural homes 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. Another pressure affecting market opportunity: The continuing loss of eligible lenders through closures, mergers, and acquisitions. About 11% of both the banks and credit unions on the list received from FHFA were no longer active at the end of 2022. The pool of eligible lenders has shrunk each year.

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 target.