Exhibit G:

Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018 REPORT

EVALUATION AREA: PRODUCT

ACTIVITY:

Activity 5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

Objective A: Develop a new offering for Small Balance Loan Pool Securitization

ACTIONS:

In 2018, we exceeded our plan goals. We formally introduced our Seasoned Pool Securitization offering, developed a seasoned pool credit policy that can be leveraged for future seasoned pool offerings, formed a network of intermediaries (much like our Optigo^{SM} network but for seasoned pool transactions), and marketed this product to both small financial institutions (SFIs) and our network of intermediaries. Finally, we completed a transaction with substantial impact (described below) with an SFI through a securitization with First Foundation Bank, an SFI with an asset cap of ~$5.5 billion.

SFIs serve an important role in supporting communities across the country by providing financing for projects that are smaller or locally important. Many of the multifamily loans originated by these financial institutions are focused on these smaller projects. Buildings with 5-50 units account for more than one-third of the rental housing in the U.S. Rents in these smaller multifamily projects tend to be lower than those in larger buildings, especially when compared to the new high end Class A properties constructed in recent years. However, these institutions are limited in their lending capacity by regulatory and balance sheet constraints.

Freddie Mac created a new offering that will provide a standardized securitization mechanism for Freddie Mac to work with SFIs seeking balance sheet relief. This will allow the SFIs to recycle capital back into new multifamily lending, thereby increasing liquidity for this market.

We began our efforts to support this segment of the market in the years leading up to our DTS plan and executed three sample transactions to better understand this market. Taking lessons from these executions, in 2018 we refined our parameters and formalized them in credit policy to support this and other seasoned pools transactions, published a term sheet and formally launched this offering. To enable us to grow our support in accordance with our DTS plan, we created a network of financial intermediaries who will help us to pursue transactions on an annual basis going forward. This is a more efficient way to canvas the breadth of the SFI market and perform preliminary due diligence to determine which institutions have interest in working with us, and which do not; which institutions have the business model to support seasoned pools, and which do not.

Though this is a specialized market without predictable frequency of transactions, each transaction has a significant impact, particularly if SFIs become repeat customers. In this case, each securitization would enable the bank to continue to lend in support of small properties, which could lead to another securitization, creating a virtuous cycle of liquidity. In 2018, we demonstrated exactly this scenario with First Foundation Bank. We completed our second securitization with them and will look to continue this cycle. This also allows us to demonstrate success to other institutions so that they may follow.

Planned Actions	***2018 Actions***
Develop and implement internal credit policy for seasoned SBL pool purchase and securitization. Introduce a formal product for seasoned SBL pool purchases and securitizations for small financial institutions.	*Freddie Mac developed our credit policy for seasoned SBL pools in 1Q 2018 and introduced a formal product for seasoned SBL pool securitizations*
Publish a product term sheet on our website that includes the following elements: *a. Product overview and loan purpose* *b. Sponsor and/or property eligibility requirements* *c. LTV limits* *d. Debt coverage limits* *e. Allowable lengths of loan term* *f. Allowable lengths of amortization*	*We published our term sheet on our website. Term sheet includes the items described in the DTS plan as well as specifications for:* *1. Loan seller* *2. Pool size* *3. Collateral* *4. Freddie Mac Guarantee* *5. Flexible structure* *6. Reimbursement obligation* *7. Property level characteristics* *8. Collateral due diligence* *9. Servicing* *10. Originator representations and warranties* *11. Seasoning* *12. Market and rate risk of securitization*
Gather feedback from SFIs, HFAs, CDFIs and community banks from whom we purchase and securitize loans (or attempt to) under Objective D, and to refine this offering over time as necessary.	*Throughout 2018, Freddie Mac met with various financial institutions including SFIs, intermediaries, HFAs, and CDFIs to discuss seasoned small balance loan pools and gather feedback.* *We focused not just on SFIs, CDFIs, and HFAs, but also on intermediaries who could help us reach deeper into this market and more efficiently identify institutions we could support. As a result of this effort, we now have a network of intermediaries who have relationships with SFIs and are marketing our offering to SFIs.* *To gather feedback and discuss potential transactions, we met with 4 CDFIs, 3 HFAs, 4 SFIs, and 5 SFI intermediaries.* *As part of this, we also presented on an intermediary's webinar with 7 SFIs focused on how Freddie Mac can support institutions with heavy multifamily concentration on their balance sheets.*
Freddie Mac underwriting and asset management representatives will visit each new lender and have kickoff meetings to go over the bank's lending and servicing standards to determine whether there are any material differences in their platforms from ours and work to resolve any differences where possible.	*Freddie Mac's underwriting and asset management representatives, as a matter of course, visit each new customer on a transactional basis. These visits include discussions of the bank's lending and servicing standards to determine if there are any material differences in our platforms so we can work to resolve any differences where possible.*
Create a high-level process flow detailing the steps of executing a securitization of a seasoned pool. The process flow will highlight Freddie Mac's credit criteria and approval process for seasoned pools.	*Freddie Mac created a high-level process flow.*
Provide at least one training session to each institution with which we do business.	*As part of our outreach described in Action 3 above, we provided training on the fundamentals of the execution. For any banks we begin transactions with, we provide detailed process-level training as part of the transaction.*
Implement internal working group and provide internal trainings as necessary.	*Freddie Mac Multifamily has a working group of 16 people that support this product, including representatives from production, underwriting, legal, asset management and capital markets.* *We provided training to internal staff covering product process and parameters, including underwriting and ongoing monitoring.*

SELF-ASSESSMENT RATING OF PROGRESS:

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

- ☐ Objective met
- ☒ Objective exceeded
- ☐ Objective partially completed:
  - ☐ 75-99% (substantial amount)
  - ☐ 50-74% (limited amount)
  - ☐ 25-49% (minimal amount)
  - ☐ 1-24% (less than a minimal amount)
- ☐ No milestones achieved

PARTIAL CREDIT JUSTIFICATION:

N/A

IMPACT:

Provide a self-assessment of the level of impact that actions under the objective have accomplished.

- ☐ 50 – Substantial 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 actions under this objective impactful in addressing underserved market needs or laying the foundation for future impact in addressing underserved market needs? *(Character limit: 3,000 characters, including spaces)*

SFIs often hold their multifamily loans on their balance sheet, which limits their potential to do new business and support more renters and communities and concentrates risk within particular institutions. We understand from our discussions with SFIs that this offering will alleviate the regulatory requirements that constrain these institutions' abilities to generate new small multifamily loans.

In addition to this CRE loan concentration relief, this offering gives banks the benefit of having loans converted into marketable securities that include Freddie Mac's guarantee of the timely payment of interest and the ultimate repayment of principal. Additionally, outside of the single whole-loan sales banks typically engage in, there is not another efficient mechanism available in the market for banks seeking to offset large UPBs of multifamily loans. Through our securitization model, banks can achieve both income and risk distribution and balance sheet relief from the securities and achieve an optimal economic result. Finally, there is a potential for SFIs to be approved as a primary servicer, which enables the banks to remain in a customer-facing position on the underlying loans while also receiving a servicing compensation fee.

We have seen the impact of this offering already through our securitization with First Foundation Bank. The total securitization was $622 million, supported approximately 4,000 units and 216 properties, and provided liquidity to First Foundation, allowing them to continue to lend to support small multifamily properties. 1,936 of these units were in 5-50 unit properties and were affordable at DTS qualifying rent levels (100% AMI), with an associated UPB of $418 million. Of the 1,936 DTS qualifying units, 614 were affordable at very low-income levels (50% AMI), 1,458 at 80% AMI, and 1,936 at 100% AMI. The properties were located across 10 different MSAs and 48 *different localities in California. 231 DTS qualifying units in the pool were in DTS high opportunity areas, with 88 of those affordable at 50% AMI, 66 affordable between 50% and 80% AMI, and 77 affordable between 80% and 100% AMI. Furthermore, while not all $622 million directly supports DTS qualifying properties, the overall liquidity provided enables the SFI to continue to lend to support DTS qualifying properties.*

As more SFIs become aware of our offering and see the success we have had thus far, we expect to see a growth of purchase volumes consistent with our DTS plan, which will create additional liquidity in the market and promote more lending from these institutions in support of very low-, low-, and moderate-income renters.

2. Optional: How do actions under this objective support future actions detailed in the Plan for the underserved market? If there have been any changes in the planned next steps or timeline for work under or related to this objective, describe the changes and provide a brief explanation. *(Character limit: 1,500 characters, including spaces)*

The fundamental purpose of this product is the execution of future seasoned pool transactions. We intend to lead the market, providing liquidity so that more SFIs who seek to recycle balance sheet capital can do so.

Additionally, the seasoned pool credit policy we developed in conjunction with this offering has been leveraged for our Seasoned Pool Credit Enhancement offering (Objective B: Develop a new offering for SBL pool credit enhancement), and will be leveraged for our seasoned pool PC offering in our 2019 DTS plan (Objective C: Develop a New Offering for Small Balance Loan Participation Certificate (PC) Securitization).

3. Optional: Are there any market factors that adversely impacted the actions under this objective? If so, describe. *(Character limit: 3,000 characters, including spaces)*

There are two major challenges that adversely impacted our ability to purchase or successfully execute guaranty pools of loans on small multifamily properties: (A) the limited market size, and (B) the interest rate environment. This combination of factors likely limits the number of institutions with which we can do business in a given year to a select few and, while it does not prevent us from developing marketable terms and structures, does add significantly affect to our ability to execute on this, or any, product with these institutions.

A. The viable market size for transactions with SFIs is limited to the number of qualifying institutions who have sufficient multifamily experience, sufficient balance sheets and have the strategic objective to recycle capital for more lending rather than garner regular returns on their portfolio. Of the 5,347 DTS qualifying institutions, only 123 would be candidates for securitization (under the criteria that they have at least $100 million of multifamily loans on their portfolio). Of those, 68 have less than $250 million in MF assets and only 22 have more than $500 million. Even among these larger organizations, it is not likely that an institution will seek to securitize their entire balance sheet at one time, as they often can benefit from the returns on their portfolio. Therefore, the overwhelming majority of potential transactions would necessarily be relatively small in size.

MF Assets $	***# of Banks***	***Average Total Assets (Thousands)***
$100 - 250MM	***68***	***$3,455,512***
$250 - 500MM	***33***	***$5,044,210***
$500MM - 1B	***12***	***$5,027,389***
>$1B	***10***	***$6,267,380***
Grand Total	***123***	***$4,263,709***

Source: Bank Call Report data as of 1/10/2019

B. Even with 123 lenders who may be candidates for securitizations, only a fraction hedge their portfolio—an important point when considering that interest rate volatility can impact the economic viability of the transaction. This was particularly apparent in 2018 when Treasury rates were materially higher than in prior years. For this business model to operate *effectively, interest rates at the time of securitization must be at or below interest rates at the time of loan origination. Because we would purchase, securitize or guarantee loans 12 months after they were made, the buyer of the pool would be basing their return expectations on a spread over the Treasury or LIBOR index at the time of purchase. If the index is higher at the time of securitization than it was at the time the loan was made, then the bank would have to sell it at a loss, we would have to buy it at a loss or the securitization investor would have to invest at a loss. In 2018, this objective has become more difficult as interest rates have continued to rise. Looking back over the past two years—the period in which loans would have been originated by the banks with whom we would work—interest rates have increased materially, as shown below. Such an increase makes it difficult to find institutions with whom we can execute a transaction with positive economics for all parties.*

4. <u>Optional</u>: How did the actions under this objective contribute to increased or future loan purchases for the underserved market? *(Character limit: 1,500 characters, including spaces)*

The development and promotion of this offering is fundamental to our ability to more broadly provide liquidity to SFIs through securitization. For us to meet or exceed our increasing DTS targets in this market, our goal will be to find institutions with which we can execute individual transactions and form an ongoing partnership, allowing them to lend and us to continually provide liquidity through regular securitizations over time.

Additionally, we executed a substantial impact transaction this year with First Foundation Bank—our second securitization with them—that represents the optimal outcome from this product: a virtuous cycle of liquidity from lending to securitization to lending in support of tenants in need of affordable and workforce housing. We believe success will breed success under this objective; the more the market sees the impact this product can have, the more inclined they will be to access it.

Attach the information detailed in the list of documentation specific to the objective that was provided by FHFA.

Exhibit C:

Second Quarter Loan Products Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2Q REPORT

EVALUATION AREA: PRODUCT

ACTIVITY:

Activity 5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

Objective A: Develop a new offering for Small Balance Loan Pool Securitization

ACTIONS:

Providing liquidity to small financial institutions so they can lend more for small multifamily properties is an important priority for Freddie Mac Multifamily. These financial institutions are often constrained in their lending abilities either by regulatory requirements or by access to balance sheet capital. We can alleviate these constraints by offering a seasoned pool securitization to these institutions.

In the first half of 2018, we completed non-transactional activities for this objective. As we complete transactions under this objective, our Underwriting and Asset Management teams will visit with the lender(s) to review lending and servicing standards. We will also train these institutions on a transactional basis.

Action Category	**Action Reference – Activity 5; Objective A**	**Status**
Market Actions	Action 1	Introduce a formal product – Complete
	Action 2A-F	Publish Term Sheet – Complete
	Action 3	Gather Feedback from small financial institutions, HFAs, CDFIs, and community banks – Complete
Underwriting Actions	Action 1	Visit each new lender on a transactional basis – Outstanding

	Action 2	Create a high-level process flow document– Complete
	Action 3	External Training Sessions – In Process
Resource Actions	Action 1	Training Sessions to Internal Staff – Complete

SELF-ASSESSMENT RATING OF PROGRESS:

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

☒ On-target to meet or exceed the objective

☐ Progress delayed and/or partial completion of the objective expected

☐ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

N/A