Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018 REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

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

OBJECTIVE:

Objective D -- Purchase/guarantee seasoned small balance loans from small financial institutions

SUMMARY OF RESULTS:

	UPB			***Transactions***
Baseline (2014-2016)	*$292 MM*			*1*
2018 Target (lesser of)	*$100 MM*			*1*
2018 Volume	*$418 MM*[1]			*1*
Incomes Targeted	*VLI units*	*LI units*	*MI units*	
	614	*1,458*	*1,936*	

In 2018, Freddie Mac exceeded our target for the purchase/guarantee of seasoned small balance loans from Small Financial Institutions (SFIs). We securitized a $622 million loan portfolio with First Foundation Bank, an SFI with an asset cap of ~$5.5 billion. This transaction supported approximately 4,000 units in 216 properties and provided liquidity to First Foundation so they could continue to support small multifamily properties. 1,936 of these units were affordable at DTS qualifying rent levels (100% AMI) in 5-50 unit properties, with an associated Unpaid Principal Balance (UPB) of $418 million. We are counting this UPB towards our DTS commitments.

Providing liquidity to SFIs is a key priority for Freddie Mac. Our success in this market depends upon many factors, including the economic environment at the time of loan origination and securitization and the priorities and strategies of SFIs. Indeed, many SFIs may not want to securitize because they value the returns they get on their portfolio.

We tested our support for SFIs prior to our DTS plan. In 2017, we executed two securitizations with DTS SFIs. Details on these transactions are below:

Transaction	***Total UPB***	***Total Properties***	***Total Units***	***DTS Properties***	***DTS Units***	***DTS UPB***
1	*$626MM*	*372*	*6,636*	*341*	*5,667*	*$588MM*
2	*$280MM*	*112*	*3,316*	*91*	*1,870*	*$214MM*

[1] *In our 3Q report, we erroneously stated the loan volume associated with our DTS qualifying units was $543 million. The actual associated volume is $418 million.*

In our 2018 Plan, we set our target as the lesser of one transaction or $100 million. While we have executed larger transactions in the past, this market does not lend itself to predictions based on past results. Though there are 5,347 DTS qualifying SFIs, only 123 would be candidates for securitization (they have at least $100 million of multifamily loans on their portfolio, which is the amount required to execute an economically viable transaction). The majority of these SFIs could likely only execute deals under $250 million (discussed below). With each new transaction with a new SFI, we must assess their capabilities and processes to undertake a transaction. Conversely, the SFI has its own fiduciary duties it needs to weigh as part of entering into a deal. In addition, as discussed in more detail below, there are at most 123 institutions with which we could do business. To the extent, we can execute transactions with repeat customers, we can mitigate some of the challenges of working with new institutions. Even so, it is unlikely we can execute transactions with the same SFIs annually because SFIs will need time to lend and aggregate enough loans on their balance sheet, and then season those loans for a year prior to securitization.

In this context, the securitization with First Foundation is a remarkable success. It supports a substantial number of units across the state of California at a significant dollar volume, builds off the success of a prior transaction from 2016, and enables the bank to continue to lend in support of small properties. This can, in turn, lead to another securitization, creating a virtuous cycle of liquidity. Additionally, First Foundation retained the first loss position for these loans, consistent with Freddie Mac's model of distributing risk away from the taxpayer.

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

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, housing finance agencies, community banks, and Community Development Financial Institutions (CDFIs) serve an important role in supporting communities across the country, as well as providing financing for smaller or locally important projects. Many of the multifamily loans originated by these financial institutions are focused on these smaller projects. Buildings with 5 to 50 units account for more than one-third of the rental housing in the U.S. and rents tend to be lower than those in larger buildings such as the new high end, Class A properties constructed in recent years. These institutions tend to hold their multifamily loans on their balance sheets, which limits new loan production. Alternatively, they may complete smaller, one-off loan portfolio sales, which is inefficient. As a result, these financial institutions are constrained *in their lending abilities either by regulatory requirements or by access to balance sheet capital. An optimal solution to addressing this constraint is to develop relationships with these institutions, provide balance sheet relief through a securitization so they can lend again, and, once they reach sufficient volume, execute another securitization, continuing this cycle in perpetuity.*

Our securitization with First Foundation sets a precedent of this cyclical solution and demonstrates the substantial impact we can have in providing liquidity to SFIs. This was our second transaction with First Foundation (the first occurred in 2016 for $238 million). As a direct result of the securitizations, First Foundation freed up their balance sheet and was able to lend again, reaching sufficient volume for another securitization in 2018. We anticipate this cycle will continue in future years. In addition to the long-term benefits of this transaction, we have a deeper relationship with First Foundation and the properties included in this transaction demonstrate its substantial impact on the market. Of the 1,936 DTS qualifying units, 614 were affordable at very low-income levels (50% AMI), 1,458 were affordable at 80% AMI, and 1,936 were affordable at 100% AMI. These 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 of the $622 million directly supports DTS qualifying properties, the overall liquidity provided enables the small financial institution to continue to lend to support DTS qualifying properties.

This transaction also demonstrates to the market how an SFI that hedges its portfolio can have access to cost effective liquidity in any interest rate environment, and how Freddie Mac can successfully support the SFI market.

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)*

In order to complete our seasoned small balance loan pool securitization in 2018, we engaged with several SFIs and created a network of financial institution intermediaries (much like our Optigo^{SM} network lenders, but for seasoned pool transactions) who will help us to pursue transactions on an annual basis going forward. This is a more resource-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 have the business model to support seasoned pools. Ultimately, we were able to execute a transaction with a repeat customer.

We will leverage the multifaceted approach we used this year, and the successes of prior transactions with SFIs, to pursue transactions with both new institutions and repeat customers. Doing so will be necessary for us to meet or exceed our increasing DTS targets in this market and provide liquidity in support of more institutions who can then lend to support more properties and tenants. Our goal will be to find institutions with which we can both execute individual transactions as well as form an ongoing partnership that allows them to lend and us to continually provide liquidity through regular securitizations over time.

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 impact our ability to purchase or develop a successful execution to 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 institutions with which we could do business in a given year to a select few and, while it does not prevent us from developing marketable terms and structures, does significantly affect to our ability to execute purchases of mortgages.

A. The viable market size for transactions with SFIs is limited to the number of qualifying institutions who have sufficient multifamily experience and 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 (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 over a span of time. Therefore, the overwhelming majority of potential transactions would 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 likely 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 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)*

Given the challenges described above, it was important for our first year that we focused on banks that buy hedges for their portfolio, and sought to support institutions with which we already had familiarity. We did this while building out a network of intermediaries to help us source deals with banks that are new to us. Using this strategy, we were able to exceed our DTS target in this market and position ourselves for future loan purchases.

Our successful securitization with First Foundation effectively freed up balance sheet space for them to continue lending to support small multifamily properties and they are more likely to pursue future securitizations with us so they can continue their lending activities. This is, in many ways, a textbook example of a functioning secondary market. We will look to replicate this success with other institutions going forward. Given the time it takes for institutions to aggregate and season loans to be eligible for securitization, and the limited number of institutions that *currently operate in a manner consistent with seasoned pool securitization/guaranty strategies, it will take time for this market, and our presence in it, to grow.*

Attach the data specified for Loan Purchase objectives in Section 3 of this document.

AFFORDABLE HOUSING PRESERVATION

1Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

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

OBJECTIVE:

Objective D -- Purchase/Guarantee seasoned small balance loans from small financial institutions

SUMMARY OF RESULTS:

	UPB	**Transactions**
Baseline	$292 MM	1
2018 Target (lesser of)	$100MM	1
1Q 2018 Volume	-	-

In 2018, this objective has become more difficult as interest rates have continued to rise. 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 purchase, securitize, or guarantee loans at least 12 months after they were made, the buyer of a pool would be basing their return expectations on a spread over the Treasury or LIBOR index at the time of purchase. Looking back over the past two years—the time period in which loans would have been originated by the banks with whom we would work—interest rates have increased materially. The 10-year treasury index increased from 1.78 at the end of Q12016 to 2.40 at the end of Q12017 to 2.74 at the end of Q12018. Such an increase makes it harder to find institutions with whom we can execute a transaction with positive economics for all parties.

While we have not yet closed a securitization with a DTS qualifying small financial institution in 2018, we are actively screening deals and are on track to roll out our new securitization and credit enhancement product offerings to support this objective. We expect to close a portfolio before the end of the year, and are therefore on track at the end of Q12018.

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):

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

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

OBJECTIVE:

Objective D -- Purchase/Guarantee seasoned small balance loans from small financial institutions

SUMMARY OF RESULTS:

	UPB	Transactions
Baseline	$292 MM	1
2018 Target (lesser of)	$100MM	1
1Q 2018 Volume	-	-

Providing liquidity to small financial institutions so they can increase their financing of additional small multifamily properties is an important priority for Freddie Mac Multifamily. Our ability to be successful in this market is dependent upon the priorities and management strategies of those institutions. In 2018, this objective has become more difficult as interest rates have continued to rise. For this seasoned pool 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 purchase, securitize, or guarantee loans at least 12 months after they were originated under this execution, the buyer of a pool would be basing their return expectations on a spread over the Treasury or LIBOR index at the time of purchase. 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. The 10-year treasury index increased from 1.50 at the end of 2Q2016 to 2.31 at the end of 2Q2017 to 2.85 at the end of 2Q2018. Such an increase makes it difficult to find institutions with whom we can execute a transaction with positive economics for all parties.

Historic 10 Year treasury rates can be found on treasury.gov

While we have not yet closed a securitization with a DTS-qualifying small financial institution in 2018, we have begun working on a qualifying transaction, and are on track to roll out our new securitization and credit enhancement product offerings to support this objective. We expect to close a portfolio before the end of the year.

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

AFFORDABLE HOUSING PRESERVATION

3Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

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

OBJECTIVE:

Objective D -- Purchase/Guarantee seasoned small balance loans from small financial institutions

SUMMARY OF RESULTS:

	UPB	Transactions
Baseline	$292 MM	1
2018 Target (lesser of)	$100 MM	1
YTD 2018 Volume	$543 MM	1

In 3Q2018, we securitized a $622MM loan portfolio with First Foundation, a small financial institution with an asset cap of approximately $6B. This transaction supported approximately 4,000 units and 216 properties, and provided liquidity to First Foundation so they can continue to lend to support small multifamily properties. Approximately 1900 of these units were affordable at DTS qualifying rent levels (100% AMI), with an associated unpaid principal balance of $543MM. As such, we are counting this UPB for Duty to Serve. Of the DTS qualifying units, 600 were affordable at very low income levels (50% AMI), 800 were affordable between 50% and 80% AMI, and nearly 500 were affordable between 80% and 100% AMI levels. These properties were located across 10 different MSAs in California, and over 550 DTS qualifying units were located in DTS high opportunity areas, with approximately 90 affordable at 50% AMI, 65 affordable between 50% and 80% AMI, and an additional 80 affordable between 80% and 100% AMI.

Providing liquidity to small financial institutions so they can increase their financing of additional small multifamily properties is an important priority for Freddie Mac Multifamily. Our ability to be successful in this market is dependent upon the priorities and management strategies of those institutions. In 2018, this objective has become more difficult as interest rates have continued to rise. For this seasoned pool 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 purchase, securitize, or guarantee loans at least 12 months after they were originated under this execution, the buyer of a pool would be basing their return expectations on a spread over the Treasury or LIBOR index at the time of purchase. 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. The 10-year treasury index increased from 1.60 at the end of 3Q2016 to 3.05 at the end of 3Q2018. Such an increase makes it difficult to find institutions with whom we can execute a transaction with positive economics for all parties.

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