Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2018 REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

Activity 3 – HUD Rental Assistance Demonstration Program: Regulatory Activity

OBJECTIVE:

Objective A -- Provide liquidity and stability through RAD loan purchases

SUMMARY OF RESULTS:

	RAD Units	***Properties***
Baseline (2014-2016)	*1,079*	*8*
2018 Target (lesser of)	*750*	*10*
2018 Actual Volume	*1,161*	*11*
Incomes Targeted	*As required by the RAD program*	

In 2018, Freddie Mac exceeded our target for purchases of mortgages supporting the RAD program. We did so by addressing the most difficult and highest impact RAD conversions: Component 1 conversion of public housing. This involves the near total rehabilitation of public housing portfolios to support residents most in need of safe, decent affordable housing who have been without it for years. The 11 properties we supported in 2018 are part of the 28 property San Francisco RAD portfolio that we have committed to support over time: 2 properties converted in 2017, and 15 remain to be converted with Freddie Mac financing in the coming years.

In our 2018 DTS Plan, we set our baseline in excess of our 3-year average from 2014-2016, and ambitiously set our target over our baseline as the lesser of 10 properties or 750 units. This target was especially challenging for two reasons: (1) there are a limited number of viable RAD properties ready for permanent debt, and (2) the conversion process for public housing is time-intensive, complex, and unpredictable. These challenges are exacerbated by several market factors— decreased LIHTC equity pricing, rising Treasury rates, rising construction costs and construction labor shortages. Indeed, at the time of plan writing, nearly all the simpler RAD conversions had been completed, so the properties in the RAD pipeline to pursue were those under Component 1, a large portion of which would not be able to support debt. Additionally, the number of units eligible for conversion was capped at 40,000. That cap was raised before 2018, but because of the lengthy process for proposals, approvals, construction and permanent debt, any additional units would not have been in scope for 2018, or likely even until 2021.

We set our target recognizing the limited market and the risk that, even though we had begun working on RAD portfolio in advance, the ability to complete conversion and apply permanent debt in 2018 would require efforts far beyond those required for a typical multifamily loan.

Our success came from deliberate focus on RAD since the inception of the program, working closely with HUD to adapt our loan offerings to work with RAD requirement, and building a strong pipeline of high impact, precedent setting projects. For RAD, it is not enough to just purchase loans. These transactions can take years of effort and require strong partnership between housing authorities, developers, construction companies, construction lenders, permanent debt lenders, localities and Freddie Mac to help keep projects on track and complete the conversion and place permanent Freddie Mac debt on the property.

Through the volume of loans we purchased and families helped, the extreme difficulty in completing these purchases, the transformative nature of these projects and the precedent they set for other cities to follow, we had a substantial impact on the RAD market that will serve to promote further RAD projects in other cities in the future.

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)*

In 2018 we focused on some of the most difficult and transformative RAD conversions that could be undertaken. All 11 properties on which we purchased loans were part of the San Francisco RAD portfolio. This portfolio involves the substantial redevelopment of San Francisco's aging public housing stock, which was severely in need of either rehab or replacement. We supported 11 of the total 28 properties in the San Francisco RAD portfolio in 2018, with 2 converted in 2017, and 15 remaining to be converted with Freddie Mac financing in the coming years, touching an additional 2,158 units. This portfolio includes properties that had not been updated or rehabilitated since they were originally built. The rehabilitation transformed housing with mold issues, dated unit finishes, and inefficient plumbing and electrical systems, causing tenants to face health issues and other challenges.

Our loan purchase activity in 2018 demonstrated to the market that Freddie Mac can support large, transformative RAD conversions for those most in need; that we have the most competitive, attractive loan product (as evidenced by our winning bid in a highly competitive RFP process); and that we can work with PHAs and for profit and non-profit developers to accomplish substantially impactful work. While San Francisco (and El Paso before it) were early adopters of large-scale RAD conversions, there are other cities that have not yet rehabilitated and converted their units. Our success in San Francisco established a model for large-scale or wholesale RAD conversions that other cities can follow.

This portfolio required a deep commitment from 10 different developers, the City of San Francisco, the San Francisco Housing Authority, the construction lender and Freddie Mac to ensure that the conversions provided little disruption to tenants and were completed on schedule. Our work on the SFR RAD portfolio not only impacted residents in SF in 2018, but the work will continue in 2019 as we *complete the conversion of the portfolio, helping a total of over 3,400 low- and moderate- income families. On this portfolio, we approved and worked with a new lender because it allowed the properties to benefit from the highest possible LIHTC pricing, maximizing the subsidy. Further, we agreed to increase loan proceeds at conversion for nearly all of the properties, allowing the City of San Francisco to recoup some of the funds it contributed so they can be used for more transactions. Additionally, we used multiple credit risk transfer executions to attract private capital and distribute risk away from tax payers.*

These transactions made clear that Freddie Mac can support the largest RAD conversion ever undertaken and demonstrate how to use 4% credits with RAD and Freddie Mac Tax-exempt Loan to materially impact the lives of thousands of families.

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 future RAD actions in our plan are focused on continued loan purchases in support for this market. Our work in San Francisco clearly demonstrates that we can support the most challenging RAD conversions. It also demonstrates the challenges with public housing conversions and that this part of the market is unpredictable. Even after we have forward-committed to take out construction loans, there is no guarantee that construction work will finish and that the property will reach full occupancy on a schedule that aligns with DTS timelines. Nevertheless we are committed to pursue opportunities to help convert the aging public housing stock in the country, even though the realization of these efforts from a DTS perspective will not likely happen until the 2021-2023 plan term.

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 several market challenges that make loan purchases supporting RAD conversions especially difficult: (1) the limited number of shovel-ready RAD projects, especially in 2018, (2) instability in the current pipeline due in part to lower LIHTC equity pricing, and (3) rising construction costs and delays that impact the viability and timing of projects.

A. *We understand that the process to turn a waiting-list project (which is based on a letter of interest from a PHA, not a demonstration of a shovel-ready project) into an actionable project is at least two years from the cap being raised to HUD approving conversion and a construction loan being approved and closed. Construction typically takes 2-3 years, with the potential for extensions. Any new projects are likely 4-5 years away from Freddie Mac permanent debt, if they make it through HUD's conversion process. Therefore, we would not see purchase opportunities until at least 2022 or 2023.*
B. *The current pipeline of RAD properties that have been approved is not highly stable, nor is all of it eligible for permanent debt.*
    a. *Per HUD, about half of the pipeline is closed with only tax credits and state/local subordinate debt. A portion of the remaining half is closed with local banks, and about 20% goes to the FHA. This leaves a relatively small portion available for the GSEs –historically, nearly all have gone to Freddie Mac.*
    b. *Properties currently moving through the pipeline have come up against funding gaps due to tax reform, which has caused either delay or project termination.*
    c. *Changes to the Section 18 demolition/disposition rule in 2018 made it easier for properties to qualify for Section 18 and provided PHAs with a non-RAD option to rehab or rebuild their properties in their portfolio. Properties in the RAD pipeline have fallen out to pursue Section 18 instead because it allows PHAs to get full Section 8/Fair Market Rents as opposed to being locked into public housing RAD rents, which are typically lower.*
C. *Properties that remain in the RAD pipeline are likely to face construction or procedural delays that will cause the need for extensions.*
    a. *Among the Phase I properties of the San Francisco RAD portfolio, 86% required an extension of 6 months. The remaining 14% required 12 months and could pursue further extensions because of higher construction costs, plan revisions, and difficulty in finding qualified labor able to work according to planned timeframes. For example, as of November 2018, we had only purchased 8 loans of the 11 anticipated due to such delays. We were at risk of missing our targets but the diligence of our lender and hard work of our underwriting and loan purchase teams made it possible to purchase the last 3 loans just before the deadline for DTS credit.*

4. Optional: 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)*

These purchases provided valuable experience to build on for additional projects as we convert more of the SF RAD portfolio. In the near term, we have an additional 15 conversions to complete for the SF RAD portfolio, though the timing of these could be subject to delays. Further, it must be understood that each locality will have its own challenges, and success on one project does not guaranty success on the next. Each time there are new partnerships to build and new market-specific challenges that must be overcome. In addition, particularly for large portfolios, there is likely to be significant competition for the financier role. Finally, our ability to purchase more RAD loans is dependent upon the viability and timing of future projects. As discussed above, the process for going from proposal to permanent debt can take many years, so this market is likely to experience a decrease in activity as the old pipeline is completed and the new pipeline takes time to build. Recognizing these challenges, our work in San Francisco clearly demonstrates that we can support the most challenging RAD conversions and positions us to support other cities as they seek to rehabilitate their public housing stock through the RAD program.

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

AFFORDABLE HOUSING PRESERVATION

1Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

Activity 3 – HUD Rental Assistance Demonstration Program: Regulatory Activity

OBJECTIVE:

Objective A -- Provide liquidity and stability through RAD loan purchases

SUMMARY OF RESULTS:

	Units	**Properties**
Baseline	1,079	8
2018 Target (lesser of)	750	10
1Q 2018 Volume	332	2

We are on track to meet or exceed our RAD purchase despite an increase in interest rates and reduction in LIHTC equity pricing.

In 2018, the 10-year treasury has increased from 2.46 on 1/2/18 to 2.74 at the end of Q1, with a high of 2.94 on 2/21/18. When compared to the rate of 1.78 and the end of 1Q2016, the treasury index is up nearly 100 bps compared to our peak baseline year, which means that first mortgage funding would be smaller under higher interest rates. This equates to a difference of nearly $1 million in additional funding required for a $10MM property as compared to our baseline period. Some of this money could come from additional tax credits, while the remainder could come from additional subordinate debt or other subsidies, neither of which are unlimited resources.

Additionally, we have continued to see reduced LIHTC equity pricing as compared to peaks in 2016. As of the end of 1Q2018, per Novogradac, LIHTC equity pricing was $0.92 per credit as compared to the peak of July 2016, when it was $1.06 per credit.[1] This difference creates a substantial funding gap as compared to peak years, leading to the need for either additional tax credits, public subsidy, or subordinate debt to create or preserve the same number of units. Alternatively, fewer units could be created or preserved under lower price per credit scenarios.

We remain on track despite these challenges due to foresight about the RAD market and strong partnerships. In particular, the relationships with our Seller/Servicers, PHAs, HUD, and experienced developers have enabled us to develop a strong pipeline of RAD transactions.

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

[1] https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/lihtc-pricing-trends

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

Activity 3 – HUD Rental Assistance Demonstration Program: Regulatory Activity

OBJECTIVE:

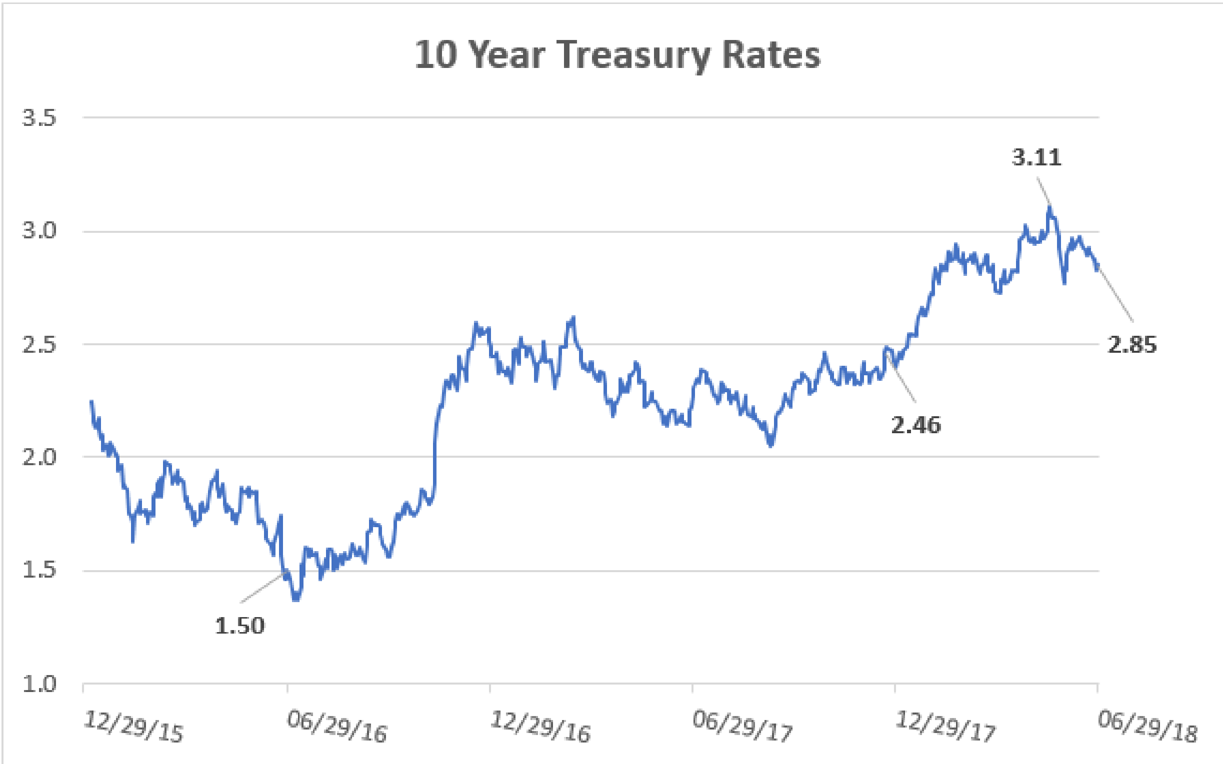
Objective A -- Provide liquidity and stability through RAD loan purchases

SUMMARY OF RESULTS:

	RAD Units	**Properties**
Baseline	1,079	8
2018 Target (lesser of)	750	10
YTD 2018 Volume	361	5

HUD's Rental Assistance Demonstration (RAD) provides an important method for recapitalizing and revitalizing public housing across the country, and our support helps to maximize the impact of the program. Through the second quarter of 2018, we have made steady progress towards our purchase target, and expect to exceed our goal by the end of the year. We have done so despite two key challenges that affect the RAD market: rising treasury rates and reduced LIHTC equity pricing relative to our baseline years.

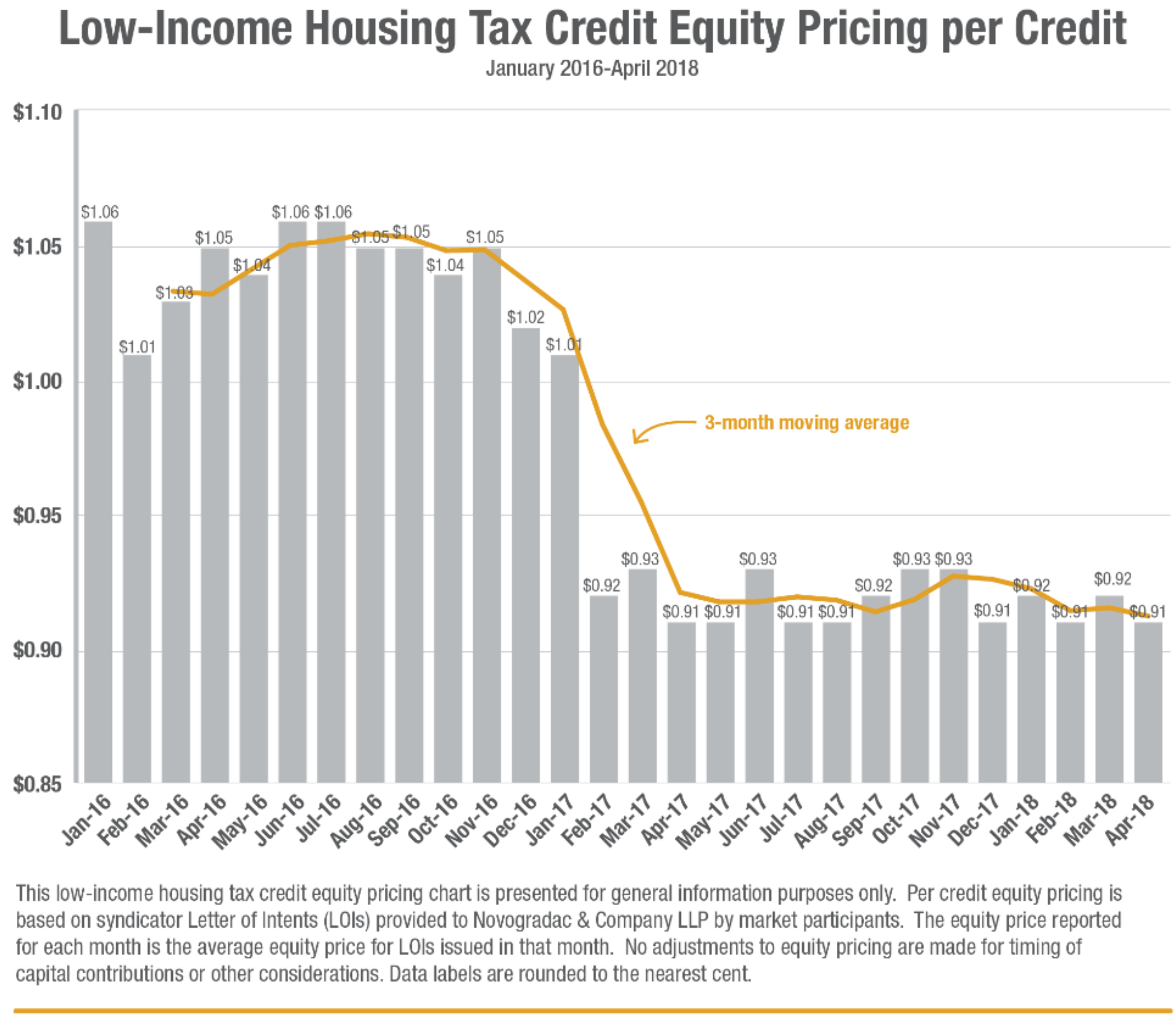
In 2018, the 10-year treasury has increased from 2.46 on 1/2/18 to 2.85 at the end of Q2, with a high of 3.11 on 5/17/18. When compared to the rate of 1.50 and the end of 2Q2016, the treasury index is up 135 bps compared to our peak baseline year, which means that first mortgage funding would be smaller under higher interest rates. This equates to a difference of more than $1 million in additional funding required for a $10MM property as compared to our baseline period. Some of this money could come from additional tax credits, while the remainder could come from additional subordinate debt or other subsidies, neither of which are unlimited resources.



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

Additionally, we have continued to see reduced LIHTC equity pricing as compared to peaks in 2016. As of the end of 1Q2018, per Novogradac, LIHTC equity pricing was $0.92 per credit as compared to the peak of July 2016, when it was $1.06 per credit.[1] This difference creates a substantial funding gap as compared to peak years, leading to the need for either additional tax credits, public subsidy, or subordinate debt to create or preserve the same number of units.

[1] https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/lihtc-pricing-trends



[2]

We remain on track despite these challenges due to foresight about the RAD market and strong partnerships. In particular, the relationships with our Seller/Servicers, public housing authorities, HUD, and experienced developers have enabled us to develop a strong pipeline of RAD transactions.

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):

[2] https://www.novoco.com/atom/169786

N/A

AHP_RAD_A_Narrative_Q2

AFFORDABLE HOUSING PRESERVATION

3Q REPORT

EVALUATION AREA: PURCHASE

ACTIVITY:

Activity 3 – HUD Rental Assistance Demonstration Program: Regulatory Activity

OBJECTIVE:

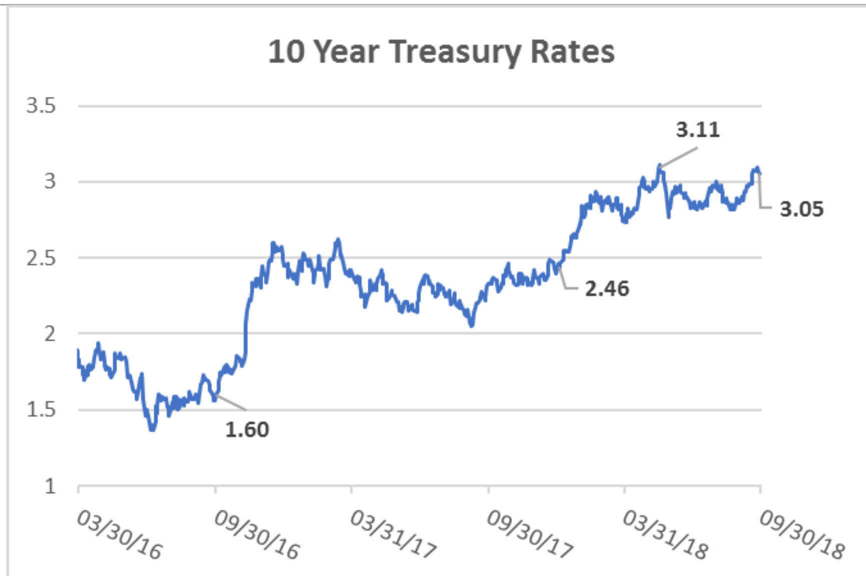
Objective A -- Provide liquidity and stability through RAD loan purchases

SUMMARY OF RESULTS:

	RAD Units	Properties
Baseline	1,079	8
2018 Target (lesser of)	750	10
YTD 2018 Volume	461	6

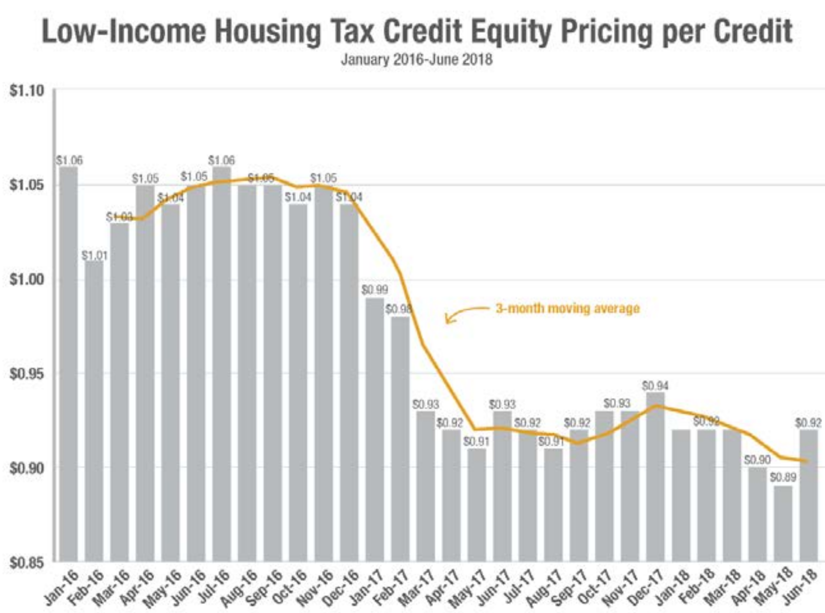
HUD's Rental Assistance Demonstration (RAD) program provides an important method for recapitalizing and revitalizing public housing across the country, and our support helps to maximize the impact of the program. Through the third quarter of 2018, we have made steady progress towards our purchase target, and expect to exceed our goal by the end of the year. We have done so despite two key challenges that affect the RAD market: rising treasury rates and reduced LIHTC equity pricing relative to our baseline years.

In 2018, the 10-year treasury has increased from 2.46 on 1/2/18 to 3.05 at the end of Q3, with a high of 3.11 on 5/17/18. When compared to the rate of 1.60 and the end of 3Q2016, the treasury index is up 145 bps compared to our peak baseline year. This equates to a difference of over $1MM in additional funding required for a $10MM property as compared to our baseline period. Some of this money could come from additional tax credits, while the remainder could come from additional subordinate debt or other subsidies, neither of which are unlimited resources.



*Historic Treasury rates can be found on treasury.gov

Additionally, we have continued to see reduced LIHTC equity pricing as compared to peaks in 2016. As of the end of 2Q2018, per Novogradac, LIHTC equity pricing was $0.92 per credit as compared to the peak of July 2016, when it was $1.06 per credit.[1] This difference creates a substantial funding gap as compared to peak years, leading to the need for either additional tax credits, public subsidy, or subordinate debt to create or preserve the same number of units.



[2]

[1] https://www.novoco.com/resource-centers/affordable-housing-tax-credits/data-tools/lihtc-pricing-trends

[2] https://www.novoco.com/atom/169786

We remain on track despite these challenges due to foresight about the RAD market and strong partnerships. In particular, the relationships with our Seller/Servicers, public housing authorities, HUD, and experienced developers have enabled us to develop a strong pipeline of RAD transactions.

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