

Exhibit G:  
**Annual Loan Products Narrative Reporting Template**

FREDDIE MAC

MANUFACTURED HOUSING

2018

LOAN PRODUCT

**ACTIVITY:**

*Activity 2 – Support for Manufactured Housing Titled as Personal Property (Chattel); Regulatory Activity.*

**OBJECTIVE:**

*Objective B: Develop Initiative Guidelines for Chattel Pilot and Initiate Chattel Purchases.*

**ACTIONS:**

*Freddie Mac successfully met our objectives to facilitate loan purchases under a chattel loan pilot that will provide direct liquidity to lenders while providing Freddie Mac with loan data that will assist us with building consistent standards necessary for secondary market growth.*

*Leveraging feedback from our market outreach, input from experts and analysis of acquired data, Freddie Mac developed an innovative approach to supporting the chattel market in a responsible way that provides direct liquidity to lenders while we test solutions to support secondary market activities.*

*Our pilot will be executed in two phases referred to as “Day 1” and “Day 2”. Day 1 involves purchasing loans originated under current industry standards to get sufficient data necessary to inform the development of future loan standards and assist in the development of models to assess, price, and manage risk. Day 2 includes structuring a financing program that guides chattel lenders to originate loans in accordance with new standards we have developed and want to test (such as data collection, underwriting and servicing).*

*To support our Day 1 activities, we developed policy criteria that is within our risk appetite and meets industry needs. This framework for accepting loan purchases includes:*

- *Credit risk policy framework, which included development of a model that serves as a predictor of chattel loan performance*
- *Underwriting parameters that address mortgage eligibility, borrower qualification and collateral valuation*
- *Consumer protections that must be included within the mortgage terms and processes*
- *Credit enhancement ,as private mortgage insurance is not available for chattel loans*
- *Loan servicing provisions, including, but not limited to, escrow management, delinquency management, loss mitigation solutions, property preservation, maintenance and disposition activities*
- *Securitization options that would accomodate chattel loans as part of the security. In the near-term, Freddie Mac will use available securitization paths while we work toward a more optimal long term solution.*
- *Quality control that governs both the credit quality and servicing of the loans*

*For Day 1 of our chattel pilot, we have engaged four lenders who are actively financing chattel loans that include consumer protections in their practices and procedures. We also submitted our pilot framework to FHFA and received a non-objection to proceed with implementation in 2019.*

Given that there is no current securitization activity, we completed outreach with investors and lenders who were involved in securitization activity prior to 2007 to determine both the appropriate credit enhancement that should be in place and securitization options that would be appropriate for loans we acquire. The development of a pilot, and ultimately the loan purchases, is a continuation of the measures we are undertaking to understand this market, since we lack experience in purchasing or securitizing these loans.

Activity	Status
1. Complete policy parameters to support chattel pilot program (underwriting criteria, credit enhancement and risk sharing structures, consumer protections, pricing, delivery, quality control, servicing, disposition, securitization structures)	<ul style="list-style-type: none"> <li>• We completed a significant amount of outreach with the market, onboarded advisors who had data and analytical expertise, held multiple forums and discussions with lenders, a chattel appraisal/valuation service, investors, retailers, manufacturers, manufactured housing trade organizations, we completed the following policy parameters to support chattel pilot program:               <ul style="list-style-type: none"> <li>○ Credit risk framework, underwriting parameters that address mortgage eligibility, borrower qualification and collateral valuation, framework for consumer protections, credit enhancement to address loss sharing, loan servicing requirements, short-term securitization options and quality control.</li> </ul> </li> </ul>
2. Determine Counterparties to be included in pilot activities	<ul style="list-style-type: none"> <li>• We have engaged four lenders that currently provide chattel financing to participate in Day 1 of our chattel pilot; all four lenders will work in partnership with Freddie Mac to test out solutions that will lead to standardization of critical components of the loan process and creation of secondary market activity</li> </ul>
3. Purchase a set number of loans to facilitate pilot design	<ul style="list-style-type: none"> <li>• Freddie Mac received data on loan characteristics and performance as well as feedback on existing lending requirements to inform policy decisions on pilot parameters, eliminating the need to conduct pre-pilot loan purchase activity.</li> </ul>
4. Develop and implement a marketing campaign to promote quality energy efficient manufactured housing and increase market opportunities.	<ul style="list-style-type: none"> <li>• Lack of a positive image of manufactured housing as a trailer and poor historical mortgage performance on loans originated prior to 2007 is a barrier for participation by the overall market. We developed a campaign to dispel myths about manufactured housing, created web content and published market insights as part of information sharing on the value of quality energy efficient manufactured housing as a crucial element to increasing affordable housing supply and marketing of our offerings to show our continued support of financing manufactured homes.</li> </ul>

**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:**

If the self-assessment above indicated that the objective was partially completed, briefly explain the basis for the share of the objective that was completed. In the explanation, include a discussion of the level of effort expended for the completed actions compared to the level of effort required to complete the entire objective.

(Character limit: 3,000 characters, including spaces)

**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)

*Chattel financing is the most common method of financing manufactured housing and presents a significant opportunity for creating a secondary market for these loans. In a market where data is limited, Freddie Mac contracted with experts with historical chattel data and analytical capabilities, established partnerships with lenders and secured a data set to trend loan performance, all of which helped us create the blueprint for systematically and responsibly entering the chattel market.*

*With the development of pilot requirements, we are well positioned to launch purchase activity in 2019. The impact of our preliminary work to the overall market is significant because it is critical to our ability to purchase chattel loans. The purchase activity under the pilot will facilitate our ability to:*

- Provide participating lenders who currently hold these loans in portfolio with direct liquidity, reduce loans held on their balance sheets while we establish the foundation for standardization*
- Obtain additional data on loan performance which will lead to the development of models, tools and resources that are necessary to create a financing offering*
- Accelerate our development of a robust offering that effectively meets the needs of the chattel market*
- Build the standardization needed to grow this market, improve data availability and increase consumer access to more affordable loan terms*
- Streamline the lending process which will save lenders and consumers time and money*
- Expand securitization solutions, which will lower the cost of capital and increase liquidity in the market and encourage investors to buy the securities*
- Provide transparency to the market on origination practices and loan profiles*

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)

*Activities under our pilot will serve as a model for industry participants as we encourage lenders, investors and other stakeholders to work with us to develop a sustainable secondary market. We also anticipate that because of our experience in securitization and providing consistent market standards across products, our participation in the chattel market will ultimately encourage other industry stakeholders (such as mortgage insurers, rating agencies) to provide solutions, products and resources to facilitate secondary market activities. For potential homebuyers, standardization can bring more affordable terms including refinance product offerings, which can provide the path for sustainable homeownership.*

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)

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)

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  
 MANUFACTURED HOUSING  
 Q2: JANUARY 2018 THROUGH JUNE 2018  
 LOAN PRODUCT

**ACTIVITY:**

*Activity 2 – Support for Manufactured Housing Titled as Personal Property (Chattel): Regulatory Activity.*

**OBJECTIVE:**

*Objective B: Develop Initiative Guidelines for Chattel Pilot and Initiate Chattel Purchases.*

**ACTIONS:**

*With significant challenges in housing supply and an increase in demand, manufactured housing can be an affordable and accessible form of affordable homeownership for many very low-, low-, and moderate-income families. Currently, 80 percent of manufactured housing financing is through chattel loans (the financing of homes that are not legally bound to land or permanently affixed to real estate), but the chattel market currently does not have participation of the secondary mortgage market, thus constraining its reach. Freddie Mac intends to increase and improve the financing of chattel loans by developing and initiating a chattel pilot program to support chattel loan purchases in the manufactured housing market.*

*For the first half of 2018, Freddie Mac received loan performance data from five lenders and two private manufactured housing communities to gain a better understanding of loan performance. We leveraged feedback and data received from outreach activities to begin development of credit and collateral underwriting criteria, a risk and pricing model, servicing requirements and exploration of securitization structures.*

*For the remainder of 2018, we will work with market participants to further refine the pilot parameters, including disposition requirements, quality control, reporting, and delivery criteria. We will also determine the counterparties that will be included in initial rollout and implementation to facilitate loan purchases in 2019 once the pilot is implemented. Freddie Mac will develop and implement a marketing campaign to enhance overall awareness and promote quality manufactured housing as a viable source of sustainable and affordable homeownership and raise the profile of the chattel pilot program.*

Activity	Action Reference – Activity 2; Objective B	Status
Complete policy parameters to support chattel pilot program (underwriting criteria, credit enhancement and risk sharing structures, consumer protections, pricing, delivery, quality control, servicing, disposition, securitization structures)	Action 1	<i>In Progress</i>
Determine Counterparties to be included in pilot activities	Action 2	<i>In Progress</i>
Purchase a set number of loans to facilitate pilot design	Action 3	<i>Completed</i> <ul style="list-style-type: none"> <li>• No pilot needed as Freddie Mac received sufficient data on loan characteristics and performance as well as feedback on existing lending requirements to inform policy decisions on pilot parameters.</li> </ul>

Develop and implement a marketing campaign to promote quality energy efficient manufactured housing and increase market opportunities.	Action 4	<i>In Progress</i>
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**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):**

*If the Enterprise is not on target to meet or exceed the objective, briefly explain why. (Character limit: 1,000 characters, including spaces)*