Exhibit G:

Annual Loan Products Narrative Reporting Template

FREDDIE MAC

HIGH-NEEDS RURAL REGIONS

2018

LOAN PRODUCT

ACTIVITY:

Activity 1 – Support for High-Needs Rural Regions; Regulatory Activity.

OBJECTIVE:

Objective B: Design New Product Flexibilities to Facilitate the Origination of Mortgages in High-Needs Rural Regions.

ACTIONS:

Freddie Mac exceeded our Plan goals for designing product flexibilities to promote affordable lending in high-needs rural regions. We did so by creating innovative solutions that enable credit-worthy families to enter into and maintain homeownership and by raising awareness and capabilities around the use and benefits of those solutions. The extensive research and stakeholder outreach that we performed helped ensure that our products and programs address the needs of communities in high-needs rural areas and expand opportunities for affordable lending.

2018 highlights:

- *We introduced a program to help financially distressed homeowners and homebuyers improve their employment circumstances with our partner NextJob®, a re-employment solutions company.*

- *We completed a comprehensive analysis, using historical data, of loan performance and product parameters in high-needs rural regions versus other rural and non-rural areas.*

- *We assessed our policies, borrower profiles, and rural characteristics to determine considerations that should be reflected in future initiatives and enhancements to our Home Possible® product.*

- *We initiated the BorrowSmartCHOICE pilot in Kentucky, expanding down payment assistance options in partnership with three lenders and two non-profits (one to administer the program and provide homebuyer counseling and education for high-needs rural borrowers, another to support manufactured housing homebuyer education and counseling). We also developed a lender curriculum covering eligibility requirements and the operational process for receiving funds.*

- *We conducted extensive research and analysis to enhance Home Valuation Explorer® (HVE), our automated valuation tool.*

- *We canvassed lenders to assess and increase their understanding of our collateral policy for rural properties. Based on extensive feedback, we revised our Rural Property Appraisals training curriculum for lenders, which is available on our website. We also worked in partnership with the Appraisal Institute to develop a rural appraiser curriculum that will launch in 2019.*

- *We conducted outreach and engaged with key stakeholders to both deepen our understanding of the needs and challenges in rural markets and to identify gaps in support and craft solutions that will bring more liquidity to the market. We also raised awareness of our activities through participation in industry events and forums.*

- *The results of our assessments, along with action plans, were submitted to FHFA. Our findings will be published in a white paper in 2019.*

Activity	2018 Actions
1. Update Freddie Mac's product features in the Seller Guide and on Freddie Mac's website to make the requirements more obvious to the market and to increase awareness of current product features.	• We published a policy update to our Seller Guide related to NextJob, an innovative program that offers job-search coaching and re-employment services to very low-, low- and moderate-income homeowners with Home Possible loans experiencing hardship because of job loss or reduction in income. • NextJob also provides job-search assistance to aspiring homeowners wanting to increase their income to a level that will help qualify them for Freddie Mac affordable loan offerings. • We promoted NextJob to the public and lenders highlighting the features and benefits, distributing training aids and promotional flyers in English and Spanish. Additional promotion included a press release, extensive training for our strategic non-profit partners, training for Freddie Mac servicing operations personnel, other marketing and communications, and information highlighted on our Duty to Serve website.

2. Evaluate and assess the effectiveness of all Freddie Mac products that serve rural borrowers to determine the parameters that hinder the very low-, low-, and moderate-income households' ability to purchase or refinance a home in high-needs rural regions. The results of this assessment will inform an action plan to address product parameters that will have the greatest impact on the market.
  a. Conduct an analysis of historical mortgage performance in high-needs rural regions and correlate performance to opportunities regarding credit terms and pricing.
  b. Conduct a policy assessment related to down payment requirements and options for down payment assistance. Initiate at least one pilot with at least three lenders and at least one non-profit.
  c. Research available property databases to determine whether there is sufficient data available to support increased output of automated valuations in rural regions.
  d. Conduct policy assessment on rural property characteristics and Freddie Mac's collateral policy parameters to determine additional collateral guidance and potential flexibilities that would provide clarification and support to lenders. Conduct outreach to develop a comprehensive curriculum for lenders on rural appraisals and acceptable collateral guidelines for rural properties.
  e. Purchase more loans in high-needs rural regions to obtain data on loan characteristics and performance.
  f. Conduct quarterly outreach with market participants via industry meetings and our Affordable Housing Advisory Council.
	• We used historical data to perform a comprehensive analysis of loan performance and product parameters in high-needs rural regions versus other rural and non-rural areas to identify market needs and opportunities to address lending challenges.
	• We assessed our policies related to permissible sources of funds for the required down payment and gathered market feedback on down payment support in high-needs rural regions. As a result, we developed the BorrowSmartCHOICE pilot on down payment assistance for buyers in these areas. We initiated the pilot with three lenders and two non-profits.
	• We researched whether enough accurate, reliable data is available to produce accurate estimated property value through our Home Value Explorer® that we could use in lieu of an appraisal. Our research and analysis helped improve our HVE model which increased the coverage (i.e. number of properties we can produce accurate property valuations) and potential for an automated value in the high-needs rural areas.
	• The revised Rural Property Appraisals training curriculum for lenders reflects extensive input from stakeholders. We actively promoted it after launch, highlighting details and the schedule through communications to our small financial institutions (SFIs), our sales team, and to our lenders, as well as posting information on our Duty to Serve website. Participation jumped significantly as a result. We are also promoting the rural appraisal training to housing finance agencies (HFAs) and their lenders.
	• We increased loan purchases in the high-needs rural regions by 12% (by volume) over our historical baseline, allowing us to gather additional data on loan characteristics and performance, while bolstering access to credit for very low-, low-, and moderate-income families.
	• Through outreach and engagement, we showed our commitment and leadership in supporting affordable lending in high-needs rural regions. We built relationships across the industry and within communities. We held three roundtable sessions with industry stakeholders, participated in 12 region-specific conferences including AHAC, and engaged with lenders.

3. Submit findings and an action plan to FHFA once assessments are completed.	We submitted our findings and action plan to FHFA.

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)*

    Freddie Mac's efforts to address these challenges are making a substantial impact. Our extensive data analysis, outreach, research, and relationship building produced the insights, partnerships, and expertise needed to implement new and enhanced offerings, programs, and training. These actions demonstrated our leadership in creating opportunities and capabilities to increase liquidity and promote affordable homeownership.

    Specific examples:
    - *The NextJob re-employment program helps struggling homeowners with Home Possible loans improve their financial stability. It also helps people move closer to their goal of buying an affordable home.*
    - *Conducting a historical analysis of loan performance in the high-needs rural regions afforded us insight into opportunities for product enhancements that help increase access to credit.*
    - *The BorrowSmartCHOICE program makes home possible for families who are credit-worthy but need assistance with down payments and closing costs—a hurdle that is hard to clear for many in high-needs rural regions. Recipients must complete*

homebuyer education and counseling. Through the BorrowSmartCHOICE program, lenders gain greater access to qualified homebuyers.

- *By improving our automated HVE tool, lenders can qualify homebuyers for loans more efficiently, and homebuyers benefit from the cost savings.*
- *Our Rural Property Appraisals training curriculum informs lenders of our property eligibility requirements and the flexibilities we provide for valuations and enables them to better serve homebuyers in their communities. A campaign to promote the training boosted attendance from eight lenders in January to more than 200 in February.*
- *Our outreach efforts raised awareness, understanding, and adoption of the new and enhanced offerings and resources. These efforts also helped our non-profit partners reach homebuyers effectively. In addition, by participating in various industry forums and conferences, we demonstrated commitment and built relationships. Our leadership has brought stakeholders together and generated interest in working collaboratively toward creative solutions to persistent housing challenges.*

2. <u>Optional</u>: 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 comprehensive review of our current product offerings, as well as extensive outreach with key industry stakeholders deepened our insight into market needs and the challenges of meeting them. Working collaboratively with stakeholders, we identified solutions that could produce meaningful impact now and inform our future activities. Our actions under this objective positioned us to continue our pilot programs, to design additional offerings and/or enhancements to meet identified needs, and to provide training that will equip lenders and appraisers to make the most of our product flexibilities and valuation tools--all of which will lead to increased access to credit and more loan purchases. We will continue to socialize product changes through industry events and promotional activities.

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

   Affordable lending and access to credit are hindered by a lack of financing options, challenges in appraising property values, and economic factors. Lenders may not be aware of, or understand, available products – or existing products may lack flexibilities to support this market. Appraising property values is challenging because of the lack of, or age of, available comparable properties, or the distance between comparable(s). Plus, employment and income levels tend to be lower in these areas, which makes buying and keeping a home more difficult, even for credit-worthy families.

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 product flexibilities, programs, and training that we developed and implemented laid the groundwork for increased lending and access to credit in high-needs rural regions. Through NextJob, more aspiring homebuyers will gain the financial wherewithal to qualify for mortgage loans. BorrowSmartCHOICE removes the down payment hurdle from the path to homeownership; it also gives lenders access to a wider pool of mortgage-ready borrowers. In addition, the revised Rural Property Appraisals curriculum gives lenders information and tools they need to apply our flexibilities and requirements for valuations effectively.

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

RURAL HOUSING

Q2: JANUARY THROUGH JUNE 2018

LOAN PRODUCT

ACTIVITY:

Activity 1 – Support for High-Needs Rural Regions: Regulatory Activity

OBJECTIVE:

Objective B: Design New Product Flexibilities to Facilitate the Origination of Mortgages in High-Needs Rural Regions.

ACTIONS:

During the first half of 2018, we began a comprehensive review of our current loan products to identify those parameters that hinder borrowers' ability to purchase or refinance an affordable home in high-needs rural regions. Please see the chart of activities and the status below. We will continue the assessment throughout the year to identify underutilized policies and offerings that can be adjusted or highlighted to facilitate an increase in loan purchases in high-needs rural regions.

We also conducted extensive outreach with market participants, including lenders, housing finance agencies, appraisers, community development financial institutions, and rural trade organizations through presentations and participation in industry meetings. We convened, presented to and received feedback from members of the Affordable Housing Advisory Council, The Counselor's Corner, and the Farm Credit Home Lending Convening on the Duty to Serve rural housing initiatives. Our team toured the Middle Appalachia region with members of the Federation of Appalachian Housing Enterprises (Fahe), to better understand the region and to consider how Freddie Mac can increase homeownership in the region. We also met with Hope Enterprise Corporation (HOPE) to tour the Lower Mississippi and visited a community where HOPE is currently renovating a significant number of homes.

We formed partnerships with Fahe, HOPE, Community Development Corporation of Brownsville (CDCB) and with NextJob to lay the groundwork for the remaining action items in our Plan. The NextJob re-employment solutions effort resulted in a Freddie Mac Servicing Guide change that further increases awareness of our Home Possible product. We also developed lender training tools and updated our website to highlight the new resources and partnerships we have established in high needs rural regions. Our NextJob partnership provides support to Seller/Servicers of Home Possible loans in high-needs areas by addressing an issue that could potentially lead to delinquency and hedge the risk of potential mortgage defaults or foreclosures.

For the remainder of 2018, Freddie Mac will continue to assess the market by completing an analysis of historical mortgage performance, initiating a down payment assistance pilot, researching available property databases to support rural valuation methodology, assessing collateral policies and continued outreach to identify additional opportunities. We will continue our marketing efforts to increase the awareness of our product features and seek partnerships that can further educate consumers on the products and resources we have available.

Activity	Action Reference – Activity 1; Objective B	Status
Update Product Features in the Guide and on Freddie Mac's website	Action 1	• Selling Guide and Freddie Mac website updated to highlight resource and partners with NextJob Guide update – *Completed*

| Product Assessment | Action 2 | • Historical analysis of mortgage performance – *In Progress*
 • Down payment analysis and pilot with three lenders and one non-profit – *In Progress*
 • Research rural property data sources – *In Progress*
 • Outreach and development of rural appraisal curriculum– *In Progress*
 • Quarterly Outreach – *In Progress* |
| Findings to FHFA | Action 3 | • *In* Progress |

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)