

Exhibit E:  
**Annual Loan Purchase Narrative Reporting Template**

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2021

PURCHASE

**ACTIVITY:**

1 - Low Income Housing Tax Credits (Debt): Statutory Activity

**OBJECTIVE:**

A - Provide Liquidity and Stability Through LIHTC Loan Purchases

**SUMMARY OF RESULTS:**

	<b>LIHTC Units</b>	<b>Properties</b>
<b>Baseline (2017-2019)</b>	39,678	286
<b>2021 Target (lesser of)</b>	42,000	-
<b>2021 Volume<sup>1</sup></b>	52,390	373
<b>Incomes Targeted</b>	As required by LIHTC program	

Our loan purchases this year accomplished two objectives in addressing the affordable housing shortage: 1) supported the creation of new affordable housing, and 2) preserved a substantial number of older affordable housing properties. In 2021, we purchased a substantial number of loans on LIHTC properties and devoted a continually increasing share of our total loan volume to DTS qualifying units while maintaining strong credit standards. Our 2021 loan purchases represent a 32% increase from our baseline number of units, a 30.4% increase over our baseline number of properties, and a 24.7% increase over our target number of units. This led to a cumulative impact over the last three years of 164,951 units and 1,159 properties.

	<b>Year</b>	<b>Units</b>	<b>Properties</b>
	2019	54,302	373
	2020	58,259	413
	2021	52,390	373
<b>Total</b>		<b>164,951</b>	<b>1,159</b>

In 2021, Freddie Mac exceeded our annual LIHTC purchase target by 10,390 units. While the number of units was lower in 2021 than in 2020, the share of our total business was higher. In 2020, our volume cap was \$82.5 billion. In 2021, it was reduced to \$70 billion—a decrease of over 15%. Our LIHTC debt units only decreased by 10%, leading to growth in relative terms: LIHTC units represented 8.0% of our total multifamily business in 2021, up from 7.3% in 2020 and 6.7% in 2019.

Our success and substantial impact on the market resulted from long-standing investment in our business and loan offerings, our ability to leverage the capital markets to distribute risk away from taxpayers and access cost-effective private investment capital at significant scale. While the lending market recovered in 2021, disruptions to the housing market continued, from continued construction delays, job losses and income reductions, and even changes to fundamental business practices such as property inspections. With lives and livelihoods upset by the pandemic and its economic fallout, the importance of safe, decent affordable housing—and financing to preserve it—was especially apparent as residents nationwide had to spend more time at home, as jobs were lost, and incomes reduced.

Through the volume of loans we purchased, the breadth and distribution of properties we supported, and the unique ability of our business model to attract private capital and distribute risk, we had a substantial impact on the LIHTC debt market in 2021. We also distributed risk away from Freddie Mac and the taxpayer: 75% of the loans on LIHTC properties that we purchased in 2021 have already undergone risk transfer or have risk transfer pending, while the remaining 25% await determination of the optimal risk transfer method.

#### 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 in laying the foundation for future impact in addressing underserved market needs?

Freddie Mac's purchase activity in 2021 had a substantial impact on the Affordable Housing Preservation market based on volume alone. Through our business process, we take a hands-on approach with each deal and each lender relationship in order to effectively apply our offerings, maximizing our impact across all markets. We actively work with lenders on their pipelines and hold regular lender calls, fostering strong and effective

partnership and communication. We offer borrowers great predictability due to our ability to hold our spread from quote to closing, a vital tool in every market, especially in uncertain times. Our LIHTC loan purchase volume in 2021 built upon our successes over the last three years, achieving extensive cumulative impact of 164,951 units and 1,159 properties. However, there were many additional factors that demonstrated our value and impact. These factors support the long-term provision of consistent liquidity to this segment of the market and are a direct result of the efforts of Freddie Mac, our Optigo® lenders and our business model.

Our LIHTC loan purchases helped keep older properties active in the affordable housing stock and supported new supply through forward commitments. Of the LIHTC loans funded in 2021, more than 27% were constructed prior to 1980 and roughly 24% were built between 1980 and 2000. In many cases, when providing financing on older properties, our required engineering reports and inspection process identifies needed repairs. In order to receive financing, we require critical repairs to be completed and track repair progress, thus improving property quality. We also supported the creation of new affordable housing supply—a vital need in a period of continued supply shortages and affordability challenges: 24% of LIHTC loans purchased in 2021 were the result of forward commitments made to provide permanent financing on these properties once construction was completed.<sup>1</sup>

We also supported a broad range of affordable housing in terms of geography and property size. Our support was national in scope, with 373 properties in 43 states. Localities ranged from San Francisco, CA to Austin, TX, in cities as large as New York, NY (Pop. 8.5 million) and as small as Reedsburg, WI (Pop. 9,500). The properties also varied in size; from a 24-unit property with all LIHTC units in Jackson, WY to a 452-unit development with all LIHTC units in Houston, TX.

We supported high impact properties, shown in two examples: (1) Goodlette Arms is a 250-unit low-rise property in Naples, FL. 100% of units are under LIHTC restrictions affordable at 60% of AMI or less. For this property, our financing preserved an existing building because the financing was in place prior to the start of the rehab, thus allowing the borrower to reduce the number of financings needed to complete the rehab work. Additionally, the property is restricted to individuals 62 years of age and older, providing seniors access to quality affordable housing. (2) El Rosario Homes and La Merced Homes in the border town of Mission, TX is a rental community consisting of single-family style homes. The property contains 200 units of low-income housing on a 30.3-acre parcel (El Rosario – 12.7273-acres and La Merced – 17.5773-acres). Built in 1969, the property will undergo a tenant-in-place renovation expected to finish August 2022. The property has 200 units – 100% of units are covered under both a Section 8 HAP contract and LIHTC restrictions.

Affordable housing plays an important role in stabilizing communities and protecting public health, demonstrating added impact of, and reliance upon, the liquidity we provide and the flexibilities we offer properties that receive financing through us. Tenants can benefit from protections offered by living in a property backed by Freddie Mac in conjunction with both federal programs and our forbearance program.

2. What did the Enterprise learn from its work about the nature of underserved market needs and how to address them?

Freddie Mac has a long history of supporting the AHP market and LIHTC, which taught us about market needs. We continue to evolve our business to address them, especially in light of market disruptions due to COVID-19. In response to the pandemic, we adapted our practices to continue to provide liquidity despite changing market conditions. In 2021, we were able to continue virtual inspections that we started in 2020 due to COVID-19. These reduce travel and contact at properties, mitigating health risks for residents, property staff, lenders, and Freddie Mac employees. Although property values in 2021 continued to rise, Freddie Mac maintained liquidity in the market even in the face of rising interest rates and increased competition from banks – all while staying within our volume cap.

In 2020, we implemented debt-service reserves on certain property types where there was risk of tenant income loss that would not be made up with public subsidy. This reserve required the borrower to set aside additional funds in the event of lost rental income and allowed us to continue to lend in an uncertain environment and play

<sup>1</sup> These Forward Commitments converted in 2021 and were therefore funded in 2021.

a counter-cyclical role. In May 2021, we were able to remove this requirement, as occupancy and rent collections remained high and properties were able to retain residents and cash flow.

We recognized the growing need to combine major public subsidies such as LIHTC with state and local programs to close capital shortages. 85% of LIHTC units in our LIHTC pipeline were combined with state and local programs in 2021, an increase from 60% in 2020. Our ability to maximize the impact of these subsidies was especially important in 2021, as states and localities also had to devote funds to COVID-19 relief measures. Our work to streamline our regulatory agreement analysis and refine our standard subordination agreement in 2020 continued to pay dividends, as it enabled us to work as efficiently as possible with these localities and agencies programmatically and on individual transactions.

3. **Optional:** If applicable, why were all components of this objective not completed?

Not applicable.

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