Exhibit G:

Annual Loan Products Narrative Reporting Template

FREDDIE MAC

AHP

2021

PRODUCT

ACTIVITY:

5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

E – Develop Offering for Loan Credit Enhancement for Secondary Market Transactions “SMART CE”

ACTIONS:

Small financial institutions (SFIs) play an important role in supporting local communities across the country and providing sufficient capital to support local projects. Many multifamily loans originated by these institutions are focused on these smaller projects and more likely to be affordable. However, these institutions can be limited in their lending capacity by regulatory and balance sheet constraints. SFIs often hold their multifamily loans on their balance sheet, which limits their potential to do new business to support more renters and communities and concentrates risk within particular institutions.

While we have successfully executed transactions using existing offerings for SFIs, we recognize there is still more that can be done, particularly to enable SFIs with smaller balance sheets to access liquidity and recycle capital. We developed a credit enhancement offering for SFIs and CDFIs to address the need for these institutions to recycle balance sheet capital back into new financing sources. This offering is intended to support SFIs with a minimum deal size of$50MM, in contrast to the other Freddie Mac securitizations that are cost effective at higher volumes of at least $150MM per deal.

Objective’s components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
1) Engage with and gather feedback from DTS qualifying SFIs on our suite of offerings as part of our development process	**Complete** • Spoke with at least 10 CDFIs and bankers to discuss our suite of offerings, their capital needs, and how they manage their balance sheets.	
2) Publish an official product term sheet on our website that identifies the product and the acceptable terms	**Complete** • Published term sheet on our website.	
3) Actively market the offering through conversations with smaller lenders and intermediaries.	**Complete** • Set up calls with seven CDFIs and lenders to discuss the SMART product as a potential	

	streamlined, non-securitization option for loans on sponsors' balance sheets. • Continue to discuss SMART as part of new sponsor or banker calls.	

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?

   Small financial institutions often hold their multifamily loans on their balance sheet which limits their potential to do new business and support more renters and communities and concentrates risk within institutions. We understand from discussions with SFIs that this offering will alleviate the Commercial Real Estate regulatory requirements that constrain these institutions' abilities to generate new small multifamily loans. This offering will provide more liquidity options to hardest-to-serve SFIs with smaller balance sheets and concentration of multifamily loans, allowing these small institutions to purchase more loans. As with our small balance loan products, this offering will continue to promote financial stability with added efficiency. This will round out a comprehensive suite of executions to meet the needs of SFIs which will allow them to support more people and communities.

   We initially reached out to ten SFIs, CDFIs, and bankers to better understand how a non-securitization product offering that provides the Freddie Mac credit enhancement to these groups can help with balance sheet management. Of these ten groups, we spoke with seven specifically about the SMART product based on those initial discussions and potential fit for SMART. These groups varied in size, location (Midwest, Northeast, Northwest), and interests in affordable lending. It was important to speak with this variety of groups to ensure a credit enhancement offering would be helpful in alleviating balance sheet concentration challenges, thus allowing these lenders to recycle debt capital into new loans. These discussions also highlighted the difficulties surrounding the time and monetary costs associated with a Freddie Mac securitization and how the SMART product could be beneficial. Lastly, we also discussed with lenders that continued discussions and guidance will be needed to increase familiarity and comfort with this Freddie Mac credit enhancement product. In this first year, we did not complete a transaction with the SMART CE, but our substantial outreach efforts enabled us to identify both important lessons and potential business opportunities for the future.

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

   Our development of, and outreach related to, our SMART credit enhancement reinforced the lessons we have learned about supporting SFIs. Typically, securitized solutions represent a shift in business model for SFIs. Often these groups prefer to continue with their existing strategy of managing their balance sheet via new originations and payoffs/refinances and receiving interest and servicing income while the loan is outstanding, and they may not see value in a new business model. Changing their business model could involve intensive effort and analysis, both in assessing the types of transaction, and in analyzing accounting treatment and capital retention requirements under different or fluctuating scenarios. Completing these processes and analyses often take considerable time, and SFIs may view their current business models as sufficient to meet their strategic plans.

   With respect to this specific offering, we learned that SFIs see strong potential value if they choose to adjust their business model. They have conveyed two options they could pursue: they can hold the receipt on their balance sheet and achieve true sale from the original loan and hold a lower capital reserve against the custodial receipt, or they can hire a banker and try to find an investor via a private placement of that enhanced custodial receipt. Both methods can effectively offer balance sheet relief and allow them to increase their lending activities in support of their communities. The lenders we met with are in the process of considering this—and our other—offerings.

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

   Not applicable.

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

AFFORDABLE HOUSING PRESERVATION

Q2: JANUARY-JUNE 2021

PRODUCT

ACTIVITY:

5 – Financing of Small Multifamily Rental Properties: Regulatory Activity

OBJECTIVE:

E - Develop a New Offering for Small Balance Loan Credit Enhancement for Secondary Market Transactions ("SMART Credit Enhancements")

ACTIONS:

Freddie Mac is on track to meet or exceed this objective. We have developed a credit enhancement offering for SFIs and CDFIs to address the need for these institutions to recycle balance sheet capital back into new financing sources. This offering is intended to support SFIs with minimum balance sheets of $50MM, in contrast to the other Freddie Mac securitizations that are cost effective at higher volumes of at least $150MM. While not a Freddie Mac securitization, this product offering leverages existing Freddie credit enhancement structures with a senior and subordinate structure, whereby a senior class of receipts is guaranteed by Freddie Mac and an unguaranteed piece is either retained by the sponsor for yield or sold to a third-party investor. This structure is more cost effective for smaller deals while providing SFIs and CDFIs with a guaranteed custodial receipt.

Actions	2020 Achievements through Q2
1) Engage with and gather feedback from DTS qualifying SFIs on our suite of offerings as part of our development process	**Complete** • We continue to have discussions with Small Financial Institutions on Freddie Mac's range of products, and we have been obtaining feedback on what products work best for SFIs.
2) Publish an official product term sheet on our website that identifies the product and the acceptable terms	**In progress** • We intend to publish the official product term sheet in Q3 2021.
3) Actively market the offering through conversations with smaller lenders and intermediaries	**In progress** • We are currently actively marketing the offering though conversations with small lenders and intermediaries ahead of official publication of the product term sheet.

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