

Exhibit H:
Annual Outreach Narrative Reporting Template

FREDDIE MAC
AFFORDABLE HOUSING PRESERVATION
2021
OUTREACH

ACTIVITY:

10 – Financing of Single-Family Properties in Opportunity Zones: Additional Activity

OBJECTIVE:

A – Facilitate the Creation and Preservation of Long-term Affordable Housing Units in Opportunity Zones

SUMMARY OF RESULTS:

Freddie Mac exceeded our goals under this objective in 2021 by providing thought leadership and technical assistance to land banks and shared equity program administrators in the cities selected in 2020 to help advance their ongoing efforts to create and preserve long-term affordable housing units in Opportunity Zones. We delivered these results and high level of achievement during the coronavirus pandemic and under market conditions that required Freddie Mac, lenders, and other industry participants to keep priorities and resources flexible.

2021 highlights:

- In Omaha, we helped educate interested stakeholders on the shared equity homeownership model and provided technical assistance for the Omaha Municipal Land Bank (OMLB) to help strengthen its position for achieving its stated goal of prioritizing wealth building for people already living in the area.
- In Milwaukee, we provided technical assistance to support the Milwaukee Community Land Trust (MCLT) in establishing its nascent shared equity program in accordance with best practices and to develop a property-acquisition strategy that leverages properties owned by Milwaukee’s Department of City Development.
- In collaboration with shared equity providers in Minneapolis, Houston, Atlanta, and Chicago, we developed a distressed-homeownership stabilization program and loss-mitigation option to enable homeowners coming out of COVID-19 pandemic forbearance to convert their existing mortgages on fee-simple homes to shared equity mortgages.
- The article that we published on FreddieMac.com – [“Collaboration on Shared Equity Programs in Milwaukee, Minneapolis and Omaha Can Create Lasting Opportunity”](#) – offered insights into our work in those cities and the benefits of shared equity homeownership.
- Our conversations with several community development financial institutions (CDFIs) and depositories, including minority-owned institutions, that can lend in Opportunity Zones led three lenders to decide to support affordable lending in Opportunity Zones and sell loans to Freddie Mac directly or indirectly.

| Objective’s components detailed in the Plan | Corresponding actions or deliverables |
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| <p>1. Publish an article on FreddieMac.com featuring the results of our research into the selected communities to provide thought leadership in addressing long-term affordable housing preservation issues.</p> | <p>Complete</p> <ul style="list-style-type: none"> Published an article, “Collaboration on Shared Equity Programs in Milwaukee, Minneapolis and Omaha Can Create Lasting Opportunity”, on FreddieMac.com that describes our efforts in those cities and provides thought leadership on innovative uses of shared equity homeownership to promote long-term affordable housing preservation. |
| <p>2. Facilitate the creation of at least one partnership between a land bank and a steward of affordable housing preservation that use shared equity homeownership and renovation to convert vacant, abandoned, or tax-delinquent properties into owner-occupied affordable housing units with long-term affordability. To accomplish this, Freddie Mac will host a series of discussions with key stakeholders on the redevelopment or creation of affordable residential units and promote mechanisms (community land trusts and income-based deed restrictions) as solutions that support long-term affordability.</p> | <p>Complete</p> <p>In Omaha</p> <ul style="list-style-type: none"> Provided coaching and guidance on organizational reforms and innovative community engagement practices to OMLB. Supported an assessment of existing affordable housing and homeownership programs. In collaboration with Grounded Solutions Network, assessed the functioning of Omaha’s housing ecosystem and participants’ support for shared equity homeownership. Met and exchanged information with stakeholders across the ecosystem. In collaboration with the Center for Community Progress and OMLB, established the Ambassador Program to inform community members about OMLB’s programs, identify potential OMLB board members, and generate interest and support. Met with and educated selected ambassadors. Assessed the development potential of underutilized properties. Shared insights gathered from the assessments with OMLB’s executive director and board of directors. Improved processes and procedures to increase OMLB’s capabilities to preserve and sell properties in their inventory to homebuyers who will live in the homes. In collaboration with the Center for Community Progress and OMLB, reviewed OMLB’s policies; consolidated six policies into one that adds coherence, clarity, and aims to drive more equitable outcomes. <p>In Milwaukee</p> <ul style="list-style-type: none"> Conducted a wide-reaching technical assistance initiative to support the City of Milwaukee in standing up the MCLT, in alignment with shared equity program best practices and standards. Activities included: |

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| | <ul style="list-style-type: none"> ○ Training for MCLT's board and staff ○ Executive director hiring, coaching, and mentoring ○ Development of the following plans: <ul style="list-style-type: none"> ▪ Property acquisition ▪ Strategic partnership ▪ Marketing and communications ▪ Financial ▪ Membership development <p>In Minneapolis</p> <ul style="list-style-type: none"> ● Developed the framework for a shared equity conversion program and loss-mitigation option, which included developing the following: <ul style="list-style-type: none"> ○ Terms for borrower and property eligibility ○ Procedures for borrower and property eligibility ○ Procedures for borrower notification and referrals ○ Shared equity modification terms ○ Procedures for conversion from fee-simple to shared equity at settlement ○ Disclosures and legal documents ● Educated CLTs in Minneapolis, Houston, Atlanta, and Chicago on the initiative. ● Engaged with servicers to identify those with eligible loans in their servicing portfolios and the capacity to support this initiative. Selected one servicer to participate in a test-and-learn phase. ● In consultation with FHFA, concluded that the initiative will launch in Minneapolis, Houston, Atlanta, and Chicago together in 2022. | |
| <p>3. Engage at least one depository or CDFI that can lend in an Opportunity Zone, with the aim of purchasing mortgages, by establishing a direct or indirect selling relationship.</p> | <p>Complete</p> <ul style="list-style-type: none"> ● Held discussions with six CDFIs and depository institutions in Opportunity Zones, five of which are minority owned, to learn about their business models and capacity and to explore to the possibility of establishing a direct or indirect selling relationship. ● Secured a minority-owned CDFI's commitment to provide mortgage financing in Opportunity Zones and to deliver loans to Freddie Mac in a direct selling relationship. ● Encouraged a minority-owned depository to become an approved Freddie Mac lender. It has begun our seller/servicer approval process, with the expectation of selling loans directly to Freddie Mac. ● Interested a minority-owned depository in moving from an indirect to a direct selling relationship with Freddie Mac. It also expressed interest in growing their business to become an aggregator for other minority-owned institutions. | |

SELF-ASSESSMENT RATING OF PROGRESS:

- Target met
- Target exceeded
- Objective partially completed
- 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.

Not applicable.

IMPACT:

- 50 – Very Large Impact
- 40
- 30 – Meaningful Impact
- 20
- 10 – Minimal Impact
- 0 – No Impact

IMPACT EXPLANATION:

- 1. How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market’s needs, or in laying the foundation for future impact in addressing the underserved market’s needs?**

Freddie Mac laid the foundation to make a very large impact on this market through our work with our partners in the selected as well as three additional cities to provide the technical assistance, capacity building, and innovation needed to help move the cities’ ongoing housing-affordability efforts forward. By engaging more CDFIs and depositories than planned, including minority-owned institutions, we created the potential to increase access to credit and liquidity in more underserved communities.

The review and consolidation of OMLB’s policies led OMLB to adopt investment and disposition priorities in historically redlined communities in a manner that supports wealth building for legacy residents, giving express preference to legacy residents, developers, and other eligible transferees. Since adopting these policies, OMLB has recommended specific properties for disposition to community residents instead of going to auction with out-of-area investors. Other land banks now recognize OMLB as a national leader in setting inclusive policies. OMLB presented “Making Equity a Priority” at the Inaugural National Land Bank Network Summit in November.

OMLB's Ambassador Program helps build buy-in for the land bank and its mission. Ambassadors inform people in their neighborhoods about OMLB's programs and impact. At the same time, they identify and educate a diverse selection of individuals who could serve as advocates for OMLB.

In addition, the assessment completed with Grounded Solutions Network provided insights into existing affordable housing and homeownership programs in Omaha, OMLB's current interaction with the housing ecosystem, and opportunities to enhance disposition of land bank properties as affordable housing. Although current community support for shared equity homeownership is limited, OMLB is preparing the ground for the future possibility.

As a result of the technical assistance that we provided, Milwaukee now has a community land trust (CLT) that operates according to shared equity program best practices and standards. The Milwaukee CLT is prepared and committed to bring two properties to the market by May 2022 and another three properties by year-end. The MCLT will work in partnership with the City of Milwaukee serving as a land bank to acquire additional properties in the future.

In Minneapolis, the robust framework that we developed for a shared equity conversion program serves as a powerful loss-mitigation tool. Through it, homeowners at risk of mortgage default will have the option of converting from a fee-simple mortgage to a shared equity model that enables them to retain their homes and continue to build equity but under more affordable terms. The education that community land trusts (CLTs) in the Minneapolis market received on the process and procedures for converting struggling customers' mortgages prepared them to offer the option and guide those homeowners through the process toward sustainable homeownership. Our engagement with the servicer selected for the test-and-learn phase helped in identify customers in its servicing portfolio who would benefit from the program and confirmed that the servicer has the capacity to add the shared equity conversion option to its default servicing waterfall. All of the elements are in place for the test and learn to begin in 2022.

In the article that we published on FreddieMac.com – [“Collaboration on Shared Equity Programs in Milwaukee, Minneapolis and Omaha Can Create Lasting Opportunity”](#) – we emphasized the need for innovative solutions to help solve the affordable housing crisis, using shared equity homeownership as an example. Highlighting our work in Milwaukee, Minneapolis, and Omaha offered insights that could help spark conversations about and development of similar initiatives in other communities.

As a result of our engagement with lenders in Opportunity Zones, one minority-owned CDFI committed to selling mortgage loans on homes in Opportunity Zones to Freddie Mac and one minority-owned lender is in the process of becoming an approved Freddie Mac lender. Another minority-owned lender expressed interest in moving from an indirect to a direct selling relationship with Freddie Mac; they also expressed interest in growing their business to become an aggregator for other minority-owned institutions. These relationships will lead to increased lending, access to credit, and liquidity in Opportunity Zones.

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

We learned that the cost to build new homes hinders land banks' ability to support future housing affordability, especially when the portfolio of properties contains a large amount of vacant land earmarked for future home construction. Based on the cost to build homes on these sites, the home sales prices may be beyond the reach of many individuals with low and moderate incomes. This presents an opportunity for shared equity housing; however, establishing such a program requires community support, a non-profit or government entity to administer the program, and government and philanthropic support to fund it. Municipalities that have the desire to form shared equity programs may not have the technical expertise to establish them.

We learned that a city may seem to have the right elements to implement a shared equity solution successfully but may lack the needed support within the ecosystem. Education and outreach could change minds within the ecosystem and the community and win buy-in over time.

We also learned that some minority-owned institutions only provide depository services and do not offer mortgage financing. Those institutions that do offer mortgage financing may be limited in their technology capabilities and resources to serve a larger market. Pairing the institutions with aggregators can help provide liquidity in the market. Minority-owned financial institutions that provide depository and mortgage financing services as well as have the technical capabilities and resources may be in a position to benefit other minority institutions by taking on the aggregator role. In addition, some minority-owned institutions may hold their loans in portfolio because their customers may not meet the GSEs' credit risk parameters. For example, some minority-owned lenders have carved out niches in the market to fill voids left by other lenders and/or investors. For example, one minority lender we spoke with is interested in expanding within its niche but not into other areas of lending or selling into the secondary mortgage market.

3. **Optional:** If applicable, why was the Enterprise unable to achieve the Plan target?

Not applicable.