

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

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2021

PURCHASE

**ACTIVITY:**

3 - HUD Rental Assistance Demonstration Program: Regulatory Activity

**OBJECTIVE:**

A - Provide Liquidity and Stability Through RAD Loan Purchases

**SUMMARY OF RESULTS:**

	<b>RAD Units</b>	<b>Properties</b>
<b>Baseline (2017-2019)</b>	1,166	10
<b>2021 Target (lesser of)</b>	1,000	8
<b>2021 Actual Volume</b>	1,191	8
<b>Incomes Targeted</b>	As required by the RAD program	

In 2021, Freddie Mac had a very strong year supporting the RAD program. We exceeded our loan purchase targets for units and met our target for number of properties. We did so by providing long term debt for renovation and preservation of units that were in need of substantial rehabilitation. The 8 properties we supported in 2021 were spread throughout different states. Two were in Texas, while the rest were in Arkansas, Arizona, Alabama, California, Michigan, and Illinois.

In our 2021 DTS Plan, our baseline was based on our 3-year average from 2017-2019 and typical RAD conversion timelines we have observed. We established our target recognizing the complexities of rebuilding and preserving public housing while aiming to provide a meaningful impact to the market. As a result, we set a target at the lesser of 8 properties or 1,000 units. It can take up to 6 months or more for a property and developer to obtain RAD approval and secure financing, and construction can take up to 42 months, with the potential for 4 months to elapse between the approval date to completion of construction prior to any permanent debt being placed on the property.

Over the last three years, we achieved a cumulative impact of 6,413 units and 37 properties.

	<b>Year</b>	<b>Units</b>	<b>Properties</b>
	2019	2,073	15
	2020	3,149	14

	2021	1,191	8
<b>Total</b>		<b>6,413</b>	<b>37</b>

Our success came from deliberate focus on RAD since the inception of the program, working closely with HUD to adapt our loan offerings to work with RAD requirements, and building a strong pipeline of high impact projects. Supporting the RAD market goes beyond simply purchasing loans. In many cases, these transactions can take years of effort and require strong partnership between housing authorities, developers, construction companies, construction lenders, permanent debt lenders, localities and Freddie Mac to help keep properties on track and complete the rehabilitations and place permanent Freddie Mac debt on the property.

**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?

Our RAD loan purchases are essential as they provide long-term debt necessary to support the rehabilitation of public housing. We supported 1,191 units in 8 properties across seven states in 2021, growing our cumulative impact in the RAD market.

While San Francisco (and El Paso before it) were early adopters of large-scale RAD conversions, other cities have recently begun the rehabilitation process and have begun converting their units. Our successes in San Francisco established a model for large-scale or wholesale RAD conversions that other cities were able to follow elsewhere.

In 2021, the RAD loans we purchased differed from past years. The large-scale city-wide portfolio conversions we supported in El Paso and San Francisco have completed. The loans this year varied more in size and location, from a 66-unit property in El Paso, TX (pop. 679,800) to a 254-unit property in Phenix City, AL (pop. 36,500).

No.	City & State of Property	City Population	Units
1	El Paso, TX	679.8k	66
2	Phenix City, AL	36.5k	82
3	Surprise, AZ	135.5k	100
4	McKinney, TX	182k	136
5	Little Rock, AR	198k	169
6	Lansing, MI	117.2k	187
7	San Francisco, CA	875k	200
8	Franklin Park & Des Plaines, IL	77k	254

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 also 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 RAD loan purchase volume in 2021 built upon our successes over the last three years, achieving an extensive cumulative impact of 6,413 units and 37 properties.

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

Our work supporting RAD conversions in the past several years taught us how challenging these efforts can be. Projects require a deep commitment from multiple parties, including developers, the cities themselves, the construction lender and Freddie Mac to ensure that rehabilitation could be completed and the properties could be converted.

Even with collaboration, properties took longer to complete than planned. Challenges included construction delays, subsidy payments not received, and delays with receipt of property insurance. Further, RAD conversions often require multiple levels of financial support, from LIHTC equity, state/local subordinate debt, construction loans, and permanent debt from Freddie Mac. Support from HUD throughout the process is necessary, as HUD manages the program and the RAD contract process. Notably, since some RAD properties are seniors-only, there were delays in relocating tenants during property rehab work due to safety concerns regarding COVID-19.

We built into our offering the ability to extend our commitment and pricing to provide greater certainty to borrowers, LIHTC equity investors, and construction lenders. We also worked closely with HUD on subordination agreement terms and other procedural matters in advance to build a strong foundation for collaboration and reduce barriers to success on individual transactions.

We also learned RAD conversions are being paired with HUD's Section 18 for greater effect overall – but with fewer units receiving direct RAD support. We saw this on a transaction initiated in 2021 that is scheduled to fund in 2022. Section 18 is an older program, but recent changes have made the program easier to use, especially in combination with RAD. The complimentary uses of both RAD and Section 18 maximize the impact of both programs but reduce the number of units that count for the RAD objective, as the units under the Section 18

program do not receive RAD subsidy. Outreach to HUD suggests we will see more of these blends in the future, which would benefit public housing but would reduce the number of units that can be counted under DTS from a regulatory standpoint.

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.*