

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

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2021

PURCHASE

ACTIVITY:

2 - Section 8: Statutory Activity

OBJECTIVE:

A - Provide Liquidity and Stability Through Section 8 Loan Purchases

SUMMARY OF RESULTS:

	Section 8 Units	Properties
<b>Baseline (2017-2019)</b>	23,374	302
<b>2021 Target (lesser of)</b>	23,400	-
<b>2021 Volume</b>	27,279	435
<b>Incomes Targeted</b>	As required by Section 8 program	

In 2021, Freddie Mac exceeded our annual target for purchases of Section 8 mortgages by 16.6%. The total number of Section 8 units includes both project-based and tenant-based Housing Choice Voucher units. Our success and substantial impact on the market resulted from investment in our business, innovative loan offerings, and our ability to leverage the capital markets. Our business model distributes risk away from taxpayers and accesses cost-effective private investment capital at a significant scale, providing support in times of crises, as we saw with COVID-19 in 2021. The pandemic disrupted the market in a myriad of ways, from construction delays, closures of local recording offices, job losses and income reductions, and even changes to fundamental business practices such as property inspections.

In our DTS plan, our goal was to exceed our 3-year average for 2017-2019, and we ambitiously set our target over our baseline as 23,400 units. While there are no reliable estimates of the Section 8 market size in terms of annual debt originations, we have long been a significant source of capital in this market. As such, we set our goals to ensure we could achieve impact without sacrificing market discipline. Our 2021 loan purchases represent an increase of 16.7% over our baseline number of units, and 44% over our baseline number of properties. Our targets were already aggressive given market context and our prior purchase activity.

In 2021, we saw slightly higher purchase activity compared to 2020 in terms of properties (435 versus 419) and a similar number of units (27,279 versus 27,430 units). This is indicative of the unit mix on the properties we financed—not all units in a property are Section 8 units and, depending on the properties we support in a given year, the number of Section 8 units per property can be higher or lower. This leads to a cumulative impact over the last three years of 81,041 units and 1,216 properties.

	<b>Year</b>	<b>Units</b>	<b>Properties</b>
	2019	26,332	362
	2020	27,430	419
	2021	27,279	435
<b>Total</b>		<b>81,041</b>	<b>1,216</b>

We achieved this high level of loan purchase activity despite a substantially smaller volume cap in 2021 (\$70 billion) than in 2020 (\$82.5 billion). The section 8 units we supported in 2021 represented 4.2% of our total multifamily business, as compared to 3.4% in 2020.

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, and the liquidity we provided, we had a substantial impact on the Section 8 market in 2021. We have also distributed risk away from Freddie Mac and the taxpayer: 80% of the loans on Section 8 properties which we purchased in 2021 have already undergone risk transfer or have risk transfer pending, while the remaining 20% 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?

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. Freddie Mac’s purchase activity volume in 2021 had a substantial impact on the Section 8 market. 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. In the face of rising interest rates, increased competition from banks, and a reduction in our purchase volume cap, we provided consistent liquidity to this segment of the market as a direct result of the efforts of Freddie Mac, our Optigo® lenders and the structure of our market-leading credit risk transfer model.

Two additional factors demonstrate the impact we had.

- A) We supported high impact transactions:
- i. Atlantis Apartments is a deeply affordable garden-style property located in Virginia Beach, VA. Out of the 208 units on the property, 206 units are covered by a project-based Section 8 HAP contract, 208 are affordable via a LIHTC agreement, and 83 are covered by a Bond Regulatory Agreement. The property was a TEL preservation rehab loan. In-place upgrades will provide tenants with new cabinetry, appliances, flooring, and other basic improvements. Additionally, common areas will receive ADA/HVI (hearing and visually impaired) upgrades, eleven units will be upgraded to comply with UFAS standards, and five units will receive HVI upgrades.
  - ii. El Rosario Homes and La Merced Homes in the border town of Mission, TX is a single-family homes styled project consisting of 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. Expected construction completion is scheduled for August 2022. The property has 200 units – 100% of units are covered under both a Section 8 HAP contract and LIHTC restrictions.
  - iii. Sunset Plaza Apartments in Jackson, MS is a 120-unit garden-style property. Freddie Mac’s financing provided the support necessary for a moderate rehab of all 120 units, including ADA upgrades for six units. Post-renovation, all units will be restricted under a Section 8 HAP contract and a LIHTC agreement (4% credit). Additionally, the property’s common areas will have free wireless internet after the renovation is complete.
- B) Our support was national in scope, with 435 properties in 41 states and Washington, DC. Localities ranged from San Francisco, CA to Miami, FL, in cities as large as New York, NY (pop. 8.5 million) and as small as Reedsburg, WI (pop. 9,500). The properties varied in size from a 12-unit property with 8 Section 8 units in Washington, DC to a 694-unit development with all Section 8 units in Chicago, IL.

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 Section 8, 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 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 Section 8 with state and local programs to close capital shortages. In 2021, over 75% of Section 8 properties were paired with a state and local programs. Our work to streamline our regulatory agreement analysis and refine our standard subordination agreement enabled us to work as efficiently as possible with 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.*