

Exhibit G:
Annual Loan Products Narrative Reporting Template

FREDDIE MAC

RURAL

2021

PRODUCT

ACTIVITY:

4 – Small Multifamily Rental Properties in Rural Areas: Regulatory Activity

OBJECTIVE:

A – Develop a New Offering to Preserve Properties with USDA Section 515 Debt

ACTIONS:

USDA’s Section 515 program is vital for the preservation of highly affordable rural multifamily housing. It provides rental assistance to ensure that tenants pay no more than 30 percent of their income toward rent. The Housing Assistance Council (HAC) estimates that 240,200 units could be lost by 2040¹.

Per our analysis of the 515 portfolio on data.gov, we estimate that 75 percent of these units are in rural areas. And among rural 515 properties, 94 percent have between five and 50 units. When these units exit the program, affordable housing is lost in rural areas because owners will no longer be able to access the rental assistance that enables them to preserve rents at affordable levels to residents making very low incomes for their area while maintaining the property. This is often referred to as the “maturing mortgage crisis.”

In response, Freddie Mac has developed a strategy that would address the maturing mortgage crisis by increasing product flexibility and partnering with the USDA to create a sustainable, effective loan product offering. We worked closely with USDA to negotiate the necessary subordination agreement that would allow USDA 515 debt to stay on the property (preserving rental assistance) at the same time the property takes on first lien Freddie Mac debt. In addition to establishing this agreement, we put it into effect on our first loan purchase secured by a property in the USDA 515 program (however, while the property may have been rural at the time of its development, this property is not located in a DTS rural area today).

Objective’s components detailed in the Plan	Corresponding actions taken	Explanation of any deviations from the Plan (if applicable)
1) Complete negotiations with USDA and implement a subordination agreement with USDA to ensure USDA 515 debt will stay on the property with the senior Freddie Mac debt. The	Complete The finalized agreement is attached as a supporting document.	

¹ HAC, <http://hac.maps.arcgis.com/home/item.html?id=362d12b9a06b41b1a7d76260ddd9fb00>

<p>finalized agreement will be shared with FHFA on an informational basis.</p>		
<p>2) Amend and publish our relevant loan product term sheets to include reference to our ability to purchase loans with USDA 515 subordinate debt.</p>	<p>Complete We published a term sheet, which was distributed and highlighted to our network.</p>	
<p>3) Notify our seller/servicer network of our ability to purchase loans on USDA 515 properties.</p>	<p>Complete We have held discussions with CARH and USDA to establish an outreach plan for 2022. With USDA, we began developing strategies to market capabilities. We will maintain working partnerships to increase the efficiency of our business.</p>	

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?

After many years of working with USDA, in 2020 Freddie Mac and USDA collaboratively developed the terms of a subordination agreement that would be effective for both parties and would allow additional capital sources to

be applied to properties in need of additional funding. In 2021, we made that agreement effective in formalizing it on our first transaction.

In 2021 we held conversations to strategize with USDA and the Council for Affordable and Rural Housing (the leading trade organization for rural developers) on how we can increase access to our loan offering. We held continued conversations with lenders, updated our core loan offering terms sheets to refer to our ability to leverage those offerings to preserve USDA 515 properties and created a term sheet specifically for our 515 capability.

Freddie Mac exceeded our planned activities in 2021. Not only did we introduce our loan offering and conducted meaningful outreach, but we also executed our first transaction.

We partnered with JLL Capital Markets, USDA Rural Development and the nonprofit Mercy Housing to finance Francis Peak View apartments, a Section 515 property, in Kaysville, UT. Our \$4.3 million Cash Loan for Affordable Housing Preservation will help fund much needed repairs to improve the 120-unit property, built in 1975. USDA Rural Development agreed to subordinate its current debt to support this venture and continue to provide rental assistance for residents. Francis Peak View is home to residents whose household income is 55% or lower than area median income. The property's average rent per year is 12% of the median household income, so the property is affordable to most of the local population. In addition to providing affordable rent, the borrower, Mercy Housing, takes a deeper approach to the affordable housing crisis by offering a variety of resident services at Francis Peak View: after-school programs, health and wellness, community involvement, financial stability support, and more.

While this property is not located in a DTS rural area, and it is larger than the 50-unit limit for this activity under Duty to Serve, the transaction still sets an important precedent that we can provide capital for the preservation of USDA 515 properties. After we purchased the loan on this property, we actively promoted it to our lender network and held conversation with lenders who are already active in supporting USDA 515 properties. We anticipate this work will lead to future transactions.

In addition to purchasing this loan, we are able to include it in one of our K-deal securitizations, ultimately attracting private investment capital to support rural affordable housing.

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

Preserving USDA 515 properties depends upon the continued presence of USDA 515 debt on the properties, which is necessary for the property to retain the rental assistance provided by the Section 521 program. Without this rental assistance, very low- and low-income renters would be unable to afford that market rent at these properties. The USDA 521 program provides borrowers with a one-year contract to cover rent payments on behalf of tenants in a designated number or percentage of the units. The one-year contract is only renewed as many times as funds are made available.

Apart from USDA's Section 538 Guaranteed Rural Rental Housing Program, very few outside debt sources are being used in conjunction with USDA's Section 515 program. This is due to the tightly integrated USDA requirements between USDA programs. Borrowers are accustomed to working specifically with USDA lenders to originate rural rental housing loans. Developers experienced with the USDA 515 program are accustomed to and well-versed in the USDA Section 538 program and leverage it as the primary source of new debt on existing properties. We anticipate that it will take time for developers to consider alternative financing and become accustomed to Freddie Mac's loan structure and benefits. Additionally, we understand that it can take two years or more to initiate and complete transactions to preserve USDA 515 properties. As a result, it is likely to be several years before a significant growth in our presence in the USDA 515 market is realized.

3. **Optional:** 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

RURAL

Q2: JANUARY-JUNE 2021

PRODUCT

ACTIVITY:

4 - Small Multifamily Rental Properties in Rural Areas

OBJECTIVE:

A - DEVELOP A NEW OFFERING TO PRESERVE PROPERTIES WITH USDA SECTION 515 DEBT

SUMMARY OF RESULTS:

Since 2018, Freddie Mac has worked with multiple administrations at the USDA to find ways to preserve Section 515 properties. Doing so hinged on a subordination agreement that allows Section 515 debt to remain on the property – and Section 521 rental assistance – while recapitalizing the property with new Freddie Mac debt and potentially new tax credits. After many discussions with USDA and market stakeholders throughout 2017 and 2018, we proposed a subordination agreement that both met market standards for first-lien lenders and leveraged features of prior USDA subordination agreements. However, on November 27, 2018, the USDA then informed Freddie Mac that the subordination agreement did not meet their regulatory or statutory obligations. We remained open to opportunities with USDA and continued conversations as circumstances within USDA changed. In 2020 we negotiated a subordination agreement that met the needs of both Freddie Mac and the USDA. Under this agreement, we closed our first transaction in 2021. We embedded our capability to support USDA 515 properties in our core loan offerings – cash preservation loans and tax-exempt loans – making this capability more marketable. Our first loan was on a 120-unit property in Utah with a USDA 515 renewable contract expiring in 2041 along with USDA rental assistance and a LIHTC LURA in place until 2102. Under the rental assistance, low-income tenants are required to pay only 30% of their income on rent while the rest is covered by the subsidy agreement.

This precedent-setting transaction will enable us to complete more transactions over time and enable others in the market to establish similar subordination agreements with USDA. Freddie Mac, with the USDA, can provide long-term liquidity to preserve Section 515 properties with rental assistance. Through this work, we will enable tenants of very low- and even extremely low-income, many of whom are senior citizens, to continue living in safe and decent housing that is affordable to them in their communities.

Actions	2021 Achievements through 2Q
1) Complete negotiations with USDA and implement a subordination agreement with USDA to ensure USDA 515 debt will stay on the property with the senior Freddie Mac debt. The finalized agreement will be shared with FHFA on an informational basis.	<p style="text-align: center;">Completed</p> <ul style="list-style-type: none"> • We completed negotiations in principle in 2020 and put them into practice in 2021 with our first USDA 515 transaction.
2) Amend and publish our relevant loan product term sheets to include reference to our ability to purchase loans with USDA 515 subordinate debt.	<p style="text-align: center;">In Progress</p> <ul style="list-style-type: none"> • Term sheets to be published in 3Q21.
3) Notify our seller/servicer network of our ability to purchase loans on USDA 515 properties.	<p style="text-align: center;">In Progress</p> <ul style="list-style-type: none"> • In 2Q21 we notified our seller/servicers on routine lender network calls and reached out directly to the

	<p>country's primary packager of Section 515 transactions.</p> <ul style="list-style-type: none">• Starting 3Q21, coinciding with our updated term sheet, we plan to send out email updates to seller/servicers highlighting our capability to complete Section 515 transactions.• In 3Q21 we published an article on our website showcasing our capabilities.
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(Character limit: 3,000 characters, including spaces)

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