Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

AFFORDABLE HOUSING PRESERVATION

2022

LOAN PURCHASE

ACTIVITY:

10 – Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

A – Increase Loan Purchases of Shared Equity Mortgages

SUMMARY OF RESULTS:

	Loan Count			**UPB ($MM)**
Baseline	47			-
2022 Target	115-130			-
2022 Volume	135			$29
2022 Volume by AMI	≤ 50%: 59	> 50-80%: 66	> 80-100%: 10	

Freddie Mac exceeded our target for the purchase of mortgages secured by properties under shared equity programs in 2022. We provided $29 million to fund 135 qualifying loans, surpassing our baseline (by volume) by 187% and the top of our target range by 4%. Of these loans, 93% went to households with low incomes.

The shared equity model primarily aims to bring affordable homeownership within reach for qualified individuals with very low, low, and moderate incomes, mainly in high-cost areas. Of our 2022 shared equity loan purchases, 72% helped people buy homes. Refinances fell to 4%, from 21% of loan purchases in 2021. The rising interest rate environment led fewer owners of homes within shared equity programs to refinance their homes; such transactions also may require the program steward's permission and preauthorization.

We drove shared equity loan purchase growth mainly through extensive industry outreach and education.

We delivered this level of effort and exceeded our purchase target in the face of the changing market dynamics. Freddie Mac, lenders, housing intermediaries, shared equity program stewards, and other industry participants continued to adjust priorities and ways of working as needed, while fulfilling our business purposes. The shared equity market already is an especially challenging one. Market conditions made it even more so, as described below in our lessons learned. Yet compared to 2021, when conditions were much more favorable, our purchases of shared equity purchase-money loans increased 30% and total Duty to Serve-qualified shared equity loans rose 7%. Compared to our baseline, we purchased almost three times that number of loans. Our results reflect our collaboration, creativity, and commitment to this market.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ Target met
☒ Target exceeded
☐ Objective partially completed
☐ No milestones achieved

IMPACT:

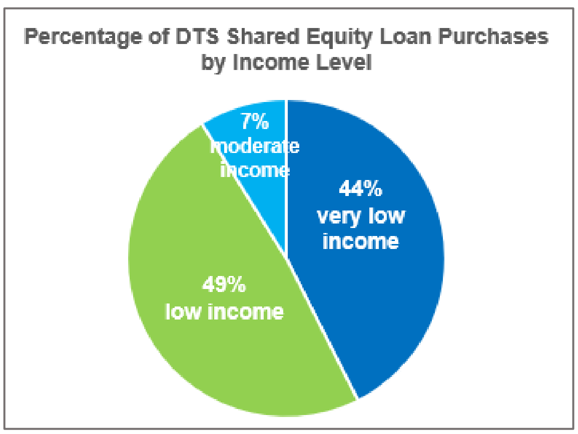
☒ 50 – Very Large Impact
☐ 40
☐ 30 – Meaningful Impact
☐ 20
☐ 10 – Minimal Impact
☐ 0 – No Impact

IMPACT EXPLANATION:

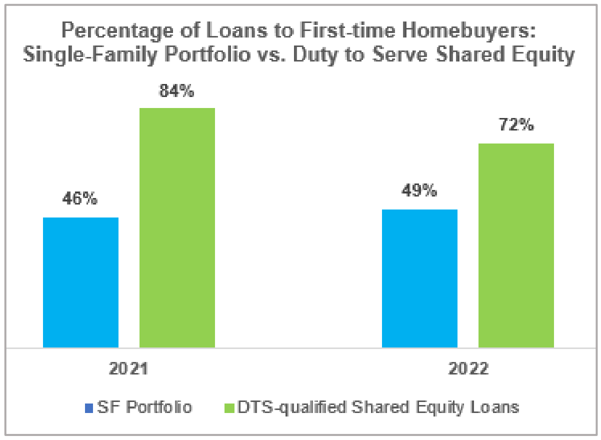
1. **How and to what extent were the actions or deliverables under this objective impactful in addressing the applicable underserved market's needs, or in laying the foundation for future impact in addressing the underserved market's needs?**

Our actions made a very large impact in the shared equity market. We responsibly broadened access to credit for shared equity homeownership, increased liquidity, and raised awareness of shared equity programs and their benefits. The liquidity that we provided made a significant positive difference, given the shared equity market's small size.

We devoted extensive resources and collaborated across the industry to expand responsible lending. As a result, we helped more low- and moderate-income households finance shared equity homes. The vast majority of the loans we purchased, 93%, helped make homeownership affordable for low-income households.



Our shared equity loan purchases helped a larger percentage of people become first-time homebuyers than Freddie Mac Single-Family's portfolio loan purchases again in 2022. At more than 72%, this by far outpaces the 49% of Freddie Mac's Single-Family loan purchases that supported first-time buyers. However, the percentage of first-time homebuyers decreased year-over-year from 84%, likely because higher interest rates, home prices, and cost of living pushed homebuying out of reach for some households, even with shared equity subsidies.



Our success under this objective reflects our leadership and commitment to increasing lending and sustainable homeownership opportunities in the shared equity market:

- Added a Community Land Trust (CLT) program identifier in Loan Product Advisor® to automate the previously manual lender process of calculating the loan-to-value ratio based on the home's appraised value instead of the purchase price. Announced in December 2021 and effective at the end of March 2022, the system update and process change gave lenders more confidence in originating loans and increased lender participation in this market.
- Continued to conduct extensive industry outreach and education to raise awareness, increase adoption, and usage of our offerings, and enlarge the pool of lenders able to sell loans to us either directly or indirectly.
- Conducted targeted outreach to lenders that delivered shared equity loans to us in previous years or were identified by program stewards as supporting financing for homes in their programs. As part of this, we met regularly with lenders to monitor progress toward potential shared equity loan deliveries and help clear obstacles to delivering certain loans.
- Worked with lenders to identify and qualify additional below-market-rate programs that serve very-low, low-, and moderate-income homebuyers with a shared appreciation homeownership model.
- Helped connect lenders that have shared equity programs in their lending footprints to shared equity program stewards with inventory for sale so that the stewards could provide the lender contact information to homebuyers.

Because of our efforts, DTS has had a substantial impact in the shared equity space since our program began in 2018:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- More people financed shared equity homes.
- The ecosystem works more effectively in helping people realize affordable homeownership.
- Since we implemented loan purchase targets in 2021, about $57 million flowed to the shared equity market, financing 261 homes.

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 rise in mortgage rates and inflation over the past year have constrained prospective homebuyers' purchasing power, keeping many of them out of the market. Lenders told us about many cases in which shared equity mortgage transactions fell through because potential homebuyers they had pre-qualified for loans no longer had the financial resources to proceed. The worsening economic conditions also affected many people's ability to qualify for mortgages, especially very low- and low-income households that the shared equity market aims to serve.

We also learned that the economic headwinds affected some lenders' business choices and capabilities around lending on shared equity properties. Many lenders worked to reduce expenses, including, for example, reducing staffing, merging with other lenders, and even ceasing some or all mortgage operations. In a small, nascent market like shared equity homeownership, such actions can impede or even reverse market growth. As examples: Staffing reductions may have cost lenders the expertise to originate shared equity loans, mergers may have led lenders to stop supporting shared equity programs, and lenders exiting the mortgage market altogether left a void that is difficult to fill.

In part because of the actions within lender organizations, and in our efforts to increase market participation, we continually must conduct outreach and education. At institutions that continue to offer mortgages on shared equity homes, staff members either may have picked up responsibility for the process from others who were let go or may need a refresher because of the amount of time that had passed between originally completing training and needing to apply the learning to a live transaction. Where needed, we also provided personalized support to guide lenders through specific transactions to help increase their confidence and complete the process. Furthermore, we continually perform outreach and provide education to encourage lenders to participate in the market – to replace lenders that leave as well as to grow the market.

We also learned that lenders can influence loan origination system vendors to accelerate implementation of software updates that enable lenders to adopt and use our offerings. In our announcement about the new CLT program identifier in LPA, we advised lenders to contact their loan origination system vendors to make sure that relevant software updates were made to allow the systems to send the data to LPA. Certain lenders told us that their vendor planned to defer updating the CLT information in its system until 2023. However, the lenders were motivated to begin using the program identifier so that they could better support shared equity homeownership opportunities and held direct conversations with the vendor. As a result, the system update was moved to 2022.

3. <u>Optional</u>: If applicable, why was the Enterprise unable to achieve the Plan target?

Not applicable.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDBALE HOUSING PRESERVATION
Q2: JANUARY-JUNE 2022
LOAN PURCHASE

ACTIVITY:

10 - Support for Shared Equity Programs for Affordable Housing Preservation

OBJECTIVE:

A - Increase Loan Purchases of Shared Equity Mortgages

SUMMARY OF PROGRESS:

	Loan Count			UPB ($MM)
Baseline	47			-
2022 Target	115-130			-
Volume Through 2Q22	41			$ 10.45
2022 Volume by AMI	≤ 50%: 20%	> 50-80%: 66%	> 80-100%: 15%	

Freddie Mac made progress during the first half of 2022 toward our goals under this objective to increase loan purchases of shared equity mortgages, purchasing 41 shared equity mortgages to provide more than $10 million in liquidity. However, we ended second quarter more than 20 loans short of our tracking benchmark for the first half of the year. Freddie Mac is working to make up the deficit and purchase the required number of loans to meet our 2022 target by year-end, as described in the Additional Information section.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ On track to meet or exceed the target
☒ Progress delayed and/or partial completion of the objective expected
☐ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

Freddie Mac is taking a multi-pronged approach toward overcoming our loan purchase deficiency and meeting our 2022 purchase target. We are performing outreach to shared equity program stewards to identify when, where, and how much inventory is expected to come onto the market to help us target our efforts. We also are conducting outreach to lenders, making them aware of financing opportunities in their lending footprints and promoting our shared equity mortgage offerings.

Several factors contributed to Freddie Mac's deficit of shared equity loan purchases in the first half of 2022. First, similar to the housing market as a whole, the shared equity market is contending with low inventory and rapidly rising construction costs. Construction labor and materials shortages – starting during the Great Recession and exacerbated by the coronavirus pandemic – have been driving up costs to build new and repair existing homes. These market pressures strain shared equity program stewards' budgets. As a result, they are introducing fewer homes onto the market. In addition, Lincoln Institute of Land Policy research found that less than 3% of shared equity homeowners move each year on average, compared to about 7% of all homeowners. Low resale rates affect opportunities to buy loans on homes in shared equity programs. The number of homes in these programs that are available for sale largely depends on adding to inventories, which is a function of funding availability, construction costs, and home prices.

Second, the rise in mortgage rates and home prices have exacerbated affordability challenges and slowed home sales. Freddie Mac's Primary Mortgage Market Survey® showed that mortgage rates increased from 3.8% in the first quarter of 2022 to 5.3% in the second quarter. Meanwhile, the FHFA House Price Index showed that home prices rose almost 19% year-over-year as of April 2022. High inflation rates also may keep potential homebuyers on the sidelines. The Consumer Price Index rose more than 9% over the last 12 months through June 2022, according to the U.S. Bureau of Labor Statistics. Higher costs for food, gasoline, and other products could make some households less financially confident and/or able to take on homeownership.

And third, sizing the shared equity market is a challenge due to the lack of transparency into program stewards' inventory of properties available in the marketplace. This makes forecasting loan purchase opportunities more difficult than in other markets.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC
AFFORDABLE HOUSING PRESERVATION
Q3: JANUARY-SEPTEMBER 2022
LOAN PURCHASE

ACTIVITY:

10 - Support for Shared Equity Programs for Affordable Housing Preservation: Regulatory Activity

OBJECTIVE:

A - Increase Loan Purchases of Shared Equity Mortgages

SUMMARY OF PROGRESS:

	Loan Count			UPB ($MM)
Baseline	47			-
2022 Target	115-130			-
Volume through Q3 2022	90			$20
2022 Volume by AMI	≤ 50%: 42%	> 50-80%: 48%	> 80-100%: 10%	

Freddie Mac made significant strides in third quarter toward our 2022 goals under this objective to increase loan purchases of shared equity mortgages. Through third quarter, we purchased 90 loans and provided $20 million in liquidity year-to-date.

Our concerted efforts to accelerate loan purchases are yielding results.

- We conducted targeted outreach to lenders that previously have delivered shared equity loans to us or were identified by program stewards as supporting financing for homes in their programs. As part of this, we held regular check-in meetings with lenders to monitor progress toward potential shared equity loan deliveries, help clear challenges to delivering certain loans, and identify opportunities to provide additional pricing incentives.
- We also spoke with lenders that have shared equity programs in their lending footprints and helped connect lenders to shared equity programs with inventory for sale.
- Lenders participating in the shared equity pricing incentive that we launched in second quarter began to deliver loans to us.
- To further promote awareness and adoption of our shared equity mortgage offerings, we conducted a targeted email campaign.
- As a result of these various outreach efforts, one-third of the lenders that sold us Duty to Serve-qualified loans in third quarter had not delivered loans earlier in the year and we more than doubled our year-to-date loan purchases.

In addition, we announced the expansion of our Community Land Trust (CLT) Mortgage offering to include a guarantor execution, effective October 3. Having this option will encourage additional lenders to deliver CLT loans to us going forward.

Despite these efforts, we ended third quarter one loan short of our tracking benchmark. Freddie Mac is working to make up the deficit and meet our 2022 purchase target by year-end, as described in the Additional Information section.

SELF-ASSESSMENT RATING OF PROGRESS:

☐ On track to meet or exceed the target

☒ Progress delayed and/or partial completion of the objective expected

☐ Unlikely to achieve any milestones of the objective

ADDITIONAL INFORMATION (IF APPLICABLE):

Freddie Mac continues to carry out a multi-pronged approach to overcoming our loan purchase deficiency and meeting our 2022 purchase target. It includes contacting shared equity program stewards to find out about inventory expected to come onto the market as well as raising lenders' awareness of both financing opportunities within their lending footprints and our shared equity mortgage offerings. However, the challenges described in detail in our second-quarter reporting narrative continue to adversely affect loan purchase opportunities: low inventory and rapidly rising construction costs, rising mortgage rates and high home prices, and the lack of transparency into program stewards' inventory of properties available in the marketplace. As an example, many of the lenders we spoke with said that the shared equity programs they support will have no inventory available to finance for the remainder of 2022. Nevertheless, based on our efforts described above, we expect to meet this year's loan purchase target.