Exhibit E:

Annual Loan Purchase Narrative Reporting Template

FREDDIE MAC

RURAL HOUSING

2022

LOAN PURCHASE

ACTIVITY:

3 – Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

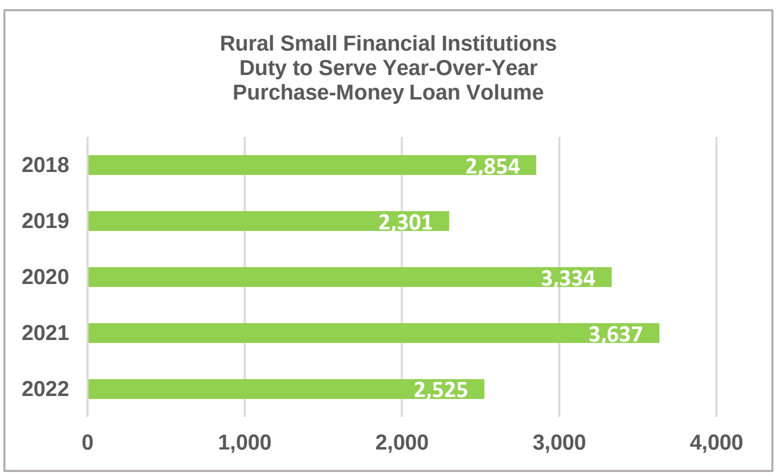
A – Provide Liquidity to Small Financial Institutions Serving Rural Regions

SUMMARY OF RESULTS:

	Loan Count			UPB ($MM)
Baseline	2,645			-
2022 Target	2,390-2,450			-
2022 Volume	2,525			$411
2022 Volume by AMI	≤ 50%: 529	> 50-80%: 1,278	> 80-100%: 718	

Freddie Mac exceeded our 2022 target for purchases of loans from rural small financial institutions (SFIs).

In total, we provided $411 million in liquidity to fund 2,525 purchase-money loans originated by SFIs in rural areas, surpassing the top of our target range by 3% (by volume) but 4% below our baseline. Of this volume, 72% comprised loans made to households with low incomes.



In 2022, home prices continued their double-digit rise, homes for sale remained in short supply, mortgage rates climbed, and rapid inflation made daily life considerably more expensive, which significantly slowed home sales. In addition, many lenders shifted to adjustable-rate mortgages and held loans in portfolio or widened their credit boxes beyond Freddie Mac's parameters to help boost originations.

To support the market in these particularly challenging conditions, we intensified our efforts to help spur loan deliveries from rural SFIs. We increased our already extensive outreach to lenders and potential aggregators as well as continued our efforts to form direct selling relationships with institutions defined as small under the Duty to Serve regulation. Our efforts also included more targeted, customized engagement with select lenders to help drive usage of financing solutions most needed in this unique market and increase the lenders' loan deliveries to us. We also continued to educate industry professionals on how using our products and resources can help them grow their businesses and create homeownership opportunities for more households. Our results in this environment reflect our commitment, collaboration, and creativity 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

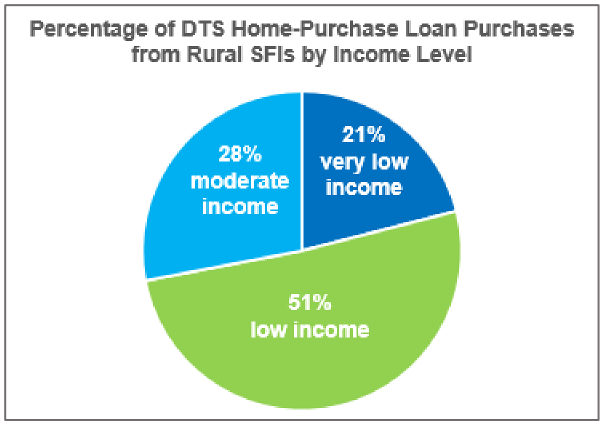
☐ 0 – No Impact

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 had a meaningful impact on the market. SFIs are vital sources of credit in rural areas, but they often lack access to the secondary market. The turn in market conditions in 2022 further challenged their lending opportunities. As a result of our multi-pronged approach and energy behind engaging with industry participants, we provided liquidity that enabled SFIs to help homebuyers in rural areas achieve affordable homeownership.

Our loan purchases expanded affordable lending to people who most need greater access to credit. Nearly three-quarters of our 2022 purchases from rural SFIs benefited homebuyers with very low and low incomes, increasing 5 percentage points over 2021. In addition, about 1% more of our purchases helped households buy their first homes, compared to 2021.



Conducting outreach to lenders and potential aggregators that can obtain business from rural SFIs that cannot sell loans directly to Freddie Mac helped increase volume through existing channels and create new ones. Our efforts to form direct selling relationships with additional SFIs aimed to expand that network.

Our achievements reflect the difference our continuous and committed leadership has made toward addressing this market's longstanding challenges:

- Conducted extensive industry outreach and education to raise awareness, adoption, and usage of our offerings, which we rolled out based on industry input to fill market needs, increase efficiencies, and support more borrowers.
- Carried out an integrated marketing campaign targeting selected SFIs and designed to provide information on Freddie Mac affordable lending products of the most relevance and benefit to the individual lenders and their customers.
- Enabled more lenders to sell loans to us and expanded our selling channels.
- Held our fourth Rural Research Symposium, bringing together leaders from across the housing industry to share research and insights that could lead to rural housing solutions.

Because of our efforts, Duty to Serve has had a very large impact on SFIs in rural areas, since our program began in 2018:

- More lenders have access to the secondary market, more financing options, and more confidence in lending.
- Obstacles to rural appraisals and lending have been lowered.
- Housing organizations have more capacity to fulfill their missions.
- More people are prepared for responsible homeownership.
- The affordable lending ecosystem works more effectively.
- $5 billion flowed to rural SFIs, financing 35,016 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 economic headwinds affected housing finance and homeownership opportunities in rural areas in more ways than in other areas. Rapidly rising interest rates added significantly to the cost of buying a home and inflation cut into household finances. Plus, large numbers of people have opted to move into those areas in response to work and lifestyle changes precipitated by the coronavirus pandemic, thereby increasing competition for already constrained housing supply and pushing home prices up further. All of this occurred in areas that historically have less economic opportunity than other parts of the nation.

As a result, many SFIs experienced drastic year-over-year decreases in loan origination volumes. Originations in all Duty to Serve markets fell, but the drop-off came first and most sharply to SFIs serving rural areas, as this segment had the highest percentage of refinance volume during the refinance cycle in 2020 and 2021. Many homeowners already took the opportunity to refinance their mortgages; the eligible pool already was relatively small because of the record numbers who had refinanced while rates were exceptionally low. Buying a home also became much less affordable for many households. Lenders told us that a significant number of potential homebuyers had to back out of pending home purchases and many others remained on the sidelines.

To help potential homebuyers to the extent they could, many SFIs allowed greater flexibility in making loans and, therefore, retained more loans in portfolio. These loans included, for example, adjustable-rate mortgages pegged to the London Inter-Bank Offered Rate (LIBOR) after Freddie Mac had switched to the Secured Overnight Financing Rate (SOFR) and mortgages with terms outside of Freddie Mac's credit box. At the same time, SFIs told us that they value being able to sell loans into the secondary market.

Freddie Mac took multi-pronged, integrated approach to supporting this uniquely dynamic market. We stepped up our outreach to SFIs to find ways to accelerate deliveries from those that can sell loans to us directly. We worked with direct sellers to encourage them to act as aggregators to give other SFIs an entry point to the secondary market as well as spoke with certain SFIs about the possibility of becoming Freddie Mac-approved lenders in the future.

Our efforts also included conducting outreach campaigns in second and third quarters, aimed at selected SFIs and tailored to increase their awareness and usage of solutions that are most relevant to their communities (for example, our renovation suite; low down payment offerings for site-built and manufactured homes and accessory dwelling units; and flexibilities for qualifying seasonally and self-employed individuals for mortgages). In addition, we offered those SFIs a pricing incentive to help lower mortgage origination costs and encourage them to sell us more loans. In response to our campaigns, average monthly loan volume increased from almost 40% of the selected SFIs but consistently remained short of our benchmarks. The incentive did not have a material impact on our loan purchase volume from rural SFIs.

Recognizing that this market is particularly dynamic, with refinance volume being highly sensitive to interest rate changes, we modified this objective, receiving FHFA's non-objection on January 12, 2023. We resized our 2022-2024 target loan volume from rural SFIs, which included focusing only home-purchase mortgages and recalculating our baseline and annual targets based on updated market information. These changes do not reflect less commitment to purchasing refinance originations or to supporting rural SFIs.

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
RURAL HOUSING
Q2: JANUARY-JUNE 2022
LOAN PURCHASE

ACTIVITY:

3 - Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A - Increase Loan Purchases from Small Financial Institutions Serving Rural Areas

SUMMARY OF PROGRESS:

	Loan Count			**UPB ($MM)**
Baseline	5,315			-
2022 Target	6,000-6,300			-
2022 Volume	2,921			$471.33
2022 Volume by AMI	≤ 50%: 20%	> 50-80%: 49%	> 80-100%: 31%	

Freddie Mac made progress during the first half of 2022 toward our goals under this objective to increase loan purchases from small financial institutions in rural areas, purchasing 2,921 loans from small financial institutions and providing more than $471 million in liquidity to the market. However, we fell more than 500 loans short of our tracking benchmark for the first half of the year. We are working to make up the deficit and purchase the number of loans required 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 conducting outreach to lenders and potential aggregators that can obtain business from rural small financial institutions. We also are continuing our efforts to form direct selling relationships with institutions defined as small under the Duty to Serve regulation.

Several factors contributed to Freddie Mac's deficit of loan purchases from small financial institutions in rural areas in the first half of 2022. 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. This has discouraged many homeowners from refinancing. It also has pushed home purchases beyond reach for many potential homebuyers. When loans are originated in this market, lenders increasingly are holding them in portfolio so that they can extend credit at lower and/or adjustable interest rates or to borrowers who fall outside of the Enterprises' credit box, according to lenders we interviewed.

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 the responsibilities of homeownership. Total U.S. home sales have dropped 17% since the beginning of this year. According to Freddie Mac's July 20 quarterly forecast, home prices will increase almost 13% nationally in 2022 and home sales will fall from a total of 6.9 million in 2021 to 6 million. Regarding refinances, we forecast refinance originations will drop by about 70% – from a total of $2.8 trillion in 2021 to $885 billion in 2022.

In addition, the housing 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 or renovate existing homes. As a result, construction activity has remained too low to help shrink the housing supply gap, which Freddie Mac's economists estimated as 3.8 million homes nationwide at the end of 2020. According to the U.S. Census Bureau, construction of smaller, more affordable homes is at a 50-year low. Further constraining supply in rural areas are lower-than-average resale rates. Homeowners tend to stay in the same home longer and are more likely to age in place than in other areas.

Exhibit A:

Quarterly Loan Purchase Narrative Reporting Template

FREDDIE MAC
RURAL HOUSING
Q3: JANUARY-SEPTEMBER 2022
LOAN PURCHASE

ACTIVITY:

3 - Financing by Small Financial Institutions of Rural Housing: Regulatory Activity

OBJECTIVE:

A - Increase Loan Purchases from Small Financial Institutions Serving Rural Areas

SUMMARY OF PROGRESS:

	Loan Count			**UPB ($MM)**
Baseline	5,315			-
2022 Target	6,000-6,300			-
Volume through Q3 2022	3,964			$640
2022 Volume by AMI	≤ 50%: 21%	> 50-80%: 49%	> 80-100%: 31%	

Freddie Mac made progress toward our 2022 goals under this objective to increase loan purchases from small financial institutions (SFIs) in rural areas. Through third quarter, we purchased 3,964 loans and provided $640 million in liquidity to the market.

We ramped up our efforts to accelerate loan purchases in this market to increase deliveries from eligible lenders who lend in rural tracts.

- To assist SFIs in creating more sustainable homeownership opportunities, we implemented a pricing incentive that can be combined with our low loan balance cash pay-ups offered through our cash execution option.
- We also deployed an integrated, targeted marketing and outreach effort to selected lenders to highlight the price improvement, product offerings, and resources available to SFIs to increase liquidity to the market.
- To increase the population of SFIs that could benefit from a direct selling relationship with Freddie Mac, we developed a tactical plan to streamline the approval and onboarding processes to shrink the timeline and improve engagement with Freddie Mac. Once implemented, the plan will result in a more efficient path to establishing small lenders as counterparties; it also includes consideration for building out the infrastructure to actively manage and win their business.

Despite our concerted efforts, third-quarter loan purchase volume was smaller than in each of the first two quarters. Year-to-date, we fell more than 900 loans short of our tracking benchmark. We are working to make up the deficit and purchase the number of loans required 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 continues to implement a multi-pronged approach toward overcoming our loan purchase deficiency and meeting our 2022 purchase target. It includes conducting outreach to lenders and potential aggregators that can obtain business from rural small financial institutions. We also are working to form direct selling relationships with lenders that satisfy the Duty to Serve definition of a small financial institution.

However, the challenges described in detail in our second-quarter reporting narrative continue to adversely affect loan purchase opportunities. Rising interest rates and home prices have exacerbated affordability challenges and slowed home sales. Refinances also have fallen steeply because of comparatively high interest rates. Many lenders are offering terms to borrowers that do not meet GSE standards and are holding more loans in portfolio as a result. Furthermore, housing inventory is low, and high construction costs inhibit the building of affordable homes. In addition, inflation is driving up the cost of living, making it harder for many households to attain sustainable homeownership. Another pressure affecting market opportunity: The continuing loss of eligible lenders through closures, mergers, and acquisitions. At least 7% of the banks and credit unions on the list of eligible SFIs received from FHFA are no longer active.

Our efforts are resulting in some progress; however, the 2022 target stated under this Duty to Serve Plan objective remains too far out of reach to achieve by year-end. Accordingly, we submitted a proposed Plan modification to FHFA on September 15.