FREDDIE MAC

Equitable Housing Finance Plan

Our Commitment to **Making Home Possible** Equitably

April 2024

Freddie Mac
We make home possible®

Table of Contents

Implementation of the activities and objectives in Freddie Mac's Equitable Housing Finance Plan may be subject to change based on factors including Federal Housing Finance Agency (FHFA) review for compliance with Freddie Mac's statutory charter, specific FHFA approval requirements and safety and soundness standards, FHFA guidance and directives, regulatory requirements, Senior Preferred Stock Purchase Agreement obligations and adverse market or economic conditions, as applicable.

SECTION 1

Introduction

In 2022, Freddie Mac unveiled our first Equitable Housing Finance Plan (Plan), an ambitious set of initiatives designed to help advance equity, affordability and sustainability for more families in traditionally underserved communities. In 2023, those initiatives had greater impact, helping increase economic opportunities for more renters and homebuyers. As we describe in our 2023 Equitable Housing Finance Plan Performance Report, Freddie Mac has achieved each of our 2023 Plan commitments.

For example, we have:

- Expanded the availability of our first special purpose credit program (SPCP), BorrowSmart Access®. We also launched our second SPCP, the Heritage One℠ mortgage, which provides access to home financing for members of federally recognized American Indian and Alaska Native tribes living in tribal areas. We also purchased thousands of loans through several dozen lenders through their own SPCPs.
- Enhanced DPA One®, our centralized online platform to help lenders and borrowers easily find downpayment assistance programs across the nation. Worked with housing counseling organizations and lenders to ensure this offering is responsive to the industry's needs.
- Expanded the Develop the Developer℠ Academy, which provides education and financing opportunities for emerging and traditionally underserved developers, including Black, indigenous, people of color and female developers.
- Extended Freddie Mac's renter credit building initiative to more than 475,000 units, enrolling more than half a million residents as of December 31, 2023. Of those, more than 300,000 saw their credit scores increase, and more than 55,000 renters established a credit score for the first time.
- Supported the preservation of 3,377 affordable rental units, exceeding our goal.
- Executed forward commitments, which provide developers greater certainty of post-construction financing. Those commitments supported 22,033 units, exceeding our goal in a challenged multifamily market. Those units are heavily concentrated in majority-minority neighborhoods.

All of this helped us make home possible for approximately 1.4 million families who purchased, refinanced, or rented a home. More than 56% of owner-occupied homes were affordable to low- and moderate-income families. Of the more than 800,000 home purchases we financed in 2023, 51% of those who purchased a primary residence were first-time homebuyers, the highest percentage since Freddie Mac started tracking that statistic more than three decades ago. We also financed tens of thousands of loans through our Home Possible® mortgage, which helps low-income homebuyers by requiring a down payment as low as three percent. Nearly 28% of the Home Possible loans we purchased last year supported majority-minority communities. Additionally, we financed more than 445,000 rental units, 92% of which were affordable to low- and moderate-income families earning at or below 120% of area median income.

While we have made important progress, we know there is much more to do. Through our 2024 Plan, we seek to build on our efforts of the last two years and give even more families in communities across the country the chance to have a quality, affordable and sustainable place to call "home." We are committed to addressing disparities in homeownership and increasing generational wealth building for communities of color. We also remain focused on removing barriers and driving change through education, mortgage products and other business solutions.

This Plan is only one part of a mission-driven and ever-evolving strategy for Freddie Mac to bring greater access to homeownership and affordable rental housing. We will continue to promote equity across all markets and dimensions, including race, ethnicity, sexual orientation and accessibility to make home possible for more individuals and families across the country.

SECTION 2

Plan Overview

In our Equitable Housing Finance Plan (Plan), we take both a direct approach, through targeted business initiatives, including special purpose credit programs, and a systemic approach, through broader efforts such as helping to address the affordable housing supply shortage and creating opportunities for renters. We must pursue both approaches to effectively address housing cost burden and limitations in housing choice and opportunity disproportionately experienced by Black and Latino renters and homeowners.

Plan Overview

1 Address the Homeownership Gap

Freddie Mac will address the homeownership gap for Black and Latino families through responsible and impactful initiatives that expand access to credit.

2 Address Systemic Underinvestment within Formerly Redlined Areas

We will strengthen support for underserved renters and multifamily borrowers by expanding financing for affordable housing developers and helping Community Development Financial Institutions (CDFI), minority depository institutions (MDI) and smaller banks with improved access to capital.

3 Increase and Improve Quality of Affordable Housing Supply

Freddie Mac plans to leverage private, global investments to create and preserve vital affordable housing. These efforts will consider the need to preserve—and not displace—the communities intended to benefit from new investments.

4 Increase Opportunities for Renters

Freddie Mac will increase opportunities for renters at multifamily properties and from within renters' communities. Efforts will focus on mainstreaming financial empowerment, wealth building opportunities, tenant protections and resident services for renters within Freddie Mac-financed rental communities and ultimately the multifamily industry at large.

5 Reduce Disparities in the Black and Latino Community Experience

We commit to (re)building trust in the housing ecosystem by inviting the experiences of Black and Latino communities into our approach and demonstrating our commitment through action. For example, we will increase opportunities and access to capital for diverse and emerging multifamily developers in order to increase wealth-building opportunities and enhance the ability for people to invest in and grow their communities. We will continue to set standards in both renter support and renter protections.

SECTION 3

Special Purpose Credit Programs

This section discusses our use of Freddie Mac and lender special purpose credit programs to address mortgage lending barriers and eliminate disparities facing Black and Latino homebuyers and homeowners. We are committed to considering the following approaches, both within and outside of SPCPs, to address these disparities.

3.1: Purchase Mortgages Through Special Purpose Credit Programs (SPCPs)

Freddie Mac is actively pursuing the purchase of loans originated through SPCPs, both lender SPCPs and Freddie Mac's own designed SPCPs. In addition to purchasing SPCP loans and designing our own SPCP program, we commit to partnering with lenders and community organizations through targeted marketing and outreach to ensure that SPCPs successfully increase homeownership for Black and Latino families.

Action 1: Purchase Loans Originated Through Lenders' SPCPs

There is a growing interest among lenders in originating loans under their own SPCPs and selling the loans to Freddie Mac. We are actively purchasing loans originated through these lender SPCPs and have instituted a review and approval process to ensure these programs meet our established credit standards.

Action 2: Offer Freddie Mac SPCP

Freddie Mac is developing SPCPs to help provide greater access to home financing for homebuyers in underserved communities. We will continue to develop and implement SPCPs that offer some or all the following benefits: (a) down payment assistance, (b) improved pricing/reduced fees, (c) expanded underwriting, (d) reserve funds for borrower hardship and (e) expanded loan servicing support to an identified class of borrowers with special social needs.

Explore Scalable New Mortgage Product Offerings

In addition to these actions, in 2024 Freddie Mac will work with lenders and other stakeholders to explore new mortgage offerings that expand access to home financing for underserved communities.

Period	Goals
Year 1 – 2022	• Stand up a framework for SPCPs that will include policy development, analytics, market outreach, internal and external governance and publication of *Single-Family Seller/Servicer Guide* (Guide) updates, if necessary. • Develop (and launch) robust marketing plan to support any Guide updates for the SPCP in 2022. • Develop robust training resources for Sellers to support Guide updates for the SPCP in 2022. • Develop baseline projection of SPCP purchase volume for 2023.

Year 2 – 2023	• Provide liquidity for SPCP loans originated by at least 10 lenders, with a commitment to purchase up to 10,000 loans originated in 2023.*
	  ◦ Promote adoption of Freddie Mac's designed SPCP among lenders.
	  ◦ Purchase loans originated through lenders' SPCPs.
	• Explore new product offerings and/or SPCP expansion based on lessons learned.
	*SPCP loan originations in 2023 under this commitment could be delivered to Freddie Mac in 2024.

Year 3 – 2024	• Provide liquidity for SPCP loans, with a commitment to purchase 10,000 loans originated in 2024.*
	  ◦ Promote adoption of Freddie Mac's designed SPCP among lenders.
	  ◦ Purchase loans originated through lenders' SPCPs.
	*SPCP loan originations in 2024 under this commitment could be delivered to Freddie Mac in 2025.

3.2: Pricing: Single-Family Loan-Level Price Adjustments

Freddie Mac evaluated changes to our loan-level price adjustment (LLPA) structure, resulting in the elimination of LLPAs for certain borrowers and affordable mortgage products, to help us achieve our equity objectives while ensuring we operate in a safe and sound manner.[1]

3.3: Mortgage Insurance Cost Reduction

Freddie Mac will continue working with mortgage insurers, their trade association and other industry stakeholders to look for ways to lower mortgage costs.

3.4: Title Insurance Cost Reduction

Freddie Mac will continue working with title insurers, their trade association and other industry stakeholders to look for ways to lower mortgage costs.

1 As announced in *Single-Family Seller/Servicer Guide Bulletins* 2022-22 and 2023-1.

3.5: Reserve Funds

Access to funds (e.g., reserve funds or alternative access to liquidity) may support borrower financial stability and credit preservation during liquidity shocks, mitigate mortgage default and/or enable servicer intervention before a missed payment. Freddie Mac is assessing different reserve fund structures and funding alternatives to provide borrowers access to liquidity to help them sustain homeownership through qualified borrower liquidity shocks. Under this effort, we may also assess the feasibility of leveraging reserve funds or alternative access to liquidity to address hardships related to climate-induced and/or climate-resiliency property repair and maintenance expenses. We may consider providing this funding alternative through an SPCP or other Freddie Mac offerings.

Period	Goals
Year 1 – 2022	• Establish a viable framework for a reserve fund(s).
Year 2 – 2023	• Complete preliminary assessment of implementation feasibility by year end.
Year 3 – 2024	• Work with implementation partners to finalize reserve fund proposal.

3.6: Servicing for Sustainability (Single-Family)

Freddie Mac is reevaluating its servicing policies to improve borrower outcomes, particularly for Black and Latino homeowners.

Action 1: Special Servicing Framework

Freddie Mac developed a Special Servicing Framework (renamed the Mission Servicing Oversight Framework), a strategy that applies a high-touch servicing and monitoring approach to reduce expected default rates for certain targeted loan populations within our portfolio. It includes oversight of loan servicing, collections, call center and default management operations, all designed to help borrowers successfully meet their loan obligations and sustain homeownership. This framework was developed for use with future offerings, including SPCPs, to optimize homeownership retention.

Action 2: Loss Mitigation Borrower Outreach, Education and Counseling

Freddie Mac plans to analyze its servicing policies to help improve outcomes for loans originated to underserved communities through potential policy changes, expanded outreach and counseling, educational materials, borrower education and other servicing-related activities.

Period	Goals
Year 1 – 2022	• Identify tangible servicing improvements for potential implementation through Special Servicing Framework. This includes working with a single servicer to build borrower rapport and reach out to borrowers within 10 days of missed payment to proactively find a resolution. • Complete analysis to understand automatic payment deferral benefits for defined eligible population. • Finalize decision on viability for Special Servicing Framework and automatic payment deferral approach.
Year 2 – 2023	• Launch at least two test-and-learns on loan populations within the Special Servicing Framework to test the approach and identify opportunities for improved performance. • Continue development of potential borrower counseling strategies. • Provide at least three enhancements to borrower-facing educational materials on FreddieMac.com to provide additional help for borrowers experiencing hardship and seeking loss mitigation options. • Contribute to internal working group setup to examine alternatives to FICO credit scoring, including those related to loss-mitigation evaluations.
Year 3 – 2024	• Continue to identify opportunities to improve the Mission Servicing Oversight Framework and to integrate it into future equitable housing offerings.

3.7: Meeting the Needs of First-Generation Homebuyers

First-generation homebuyers are less likely to benefit from intergenerational wealth transferred from parents or caregivers who were homeowners before them. In an economic climate where affordability and capacity to meet closing cost demands are challenging, these borrowers are the least likely to receive financial assistance from family, and therefore face increasing impediments to homeownership.[2] Because minority communities, including Black and Latino communities, face some of the largest homeownership gaps, first-generation borrowers are disproportionately families of color.[3]

Throughout the past year, Freddie Mac engaged the industry, including institutions that have launched programs serving first-generation borrowers, Sellers/Servicers and advocacy organizations to understand the needs of these homebuyers. In 2024, in partnership with Fannie Mae, we are announcing a GSE definition of "First-Generation Homebuyer."

A **First-Generation Homebuyer** loan is one in which each borrower meets the following requirements:

- Is purchasing the mortgaged premises
- Will reside in the mortgaged premises as a primary residence
- Has had no ownership interest (sole or joint) in another property during the last three years preceding the note date of the mortgage
- One of the following must also apply:
  - No parent of the borrower has had an ownership interest (sole or joint) in a property in the last three years preceding the note date of the mortgage
  - The borrower has aged out of foster care
  - The borrower has become emancipated

Period	Goals
Year 3 – 2024	• Engage the industry, solicit feedback on this definition and explore offerings that uniquely benefit first-generation homebuyers. • Explore opportunities to expand access to credit for first-generation homebuyers.

2 urban.org/urban-wire/first-generation-homebuyers-face-significant-obstacles-homeownership-help-programs-can
3 nationalfairhousing.org/wp-content/uploads/2021/06/crl-nfha-first-generation-jun21.pdf

SECTION 4

Targeted Outreach and Interventions

This section demonstrates our targeted outreach and intervention solutions that address the homeownership gap, increase and improve the quality of affordable housing supply for Black and Latino homeowners and renters and address systemic underinvestment within formerly redlined areas.

4.1: Promote Down Payment Assistance Tools with Industry Partners Serving Black and Latino Communities

Freddie Mac is addressing the need for down payment assistance (DPA) for underserved Black and Latino borrowers by developing a digital-platform DPA tool—DPA One®—to maximize down payment assistance program utilization nationwide and to increase incremental originations by seamlessly connecting and matching down payment assistance programs, lenders, counselors and borrowers. The tool helps us continue efforts to drive down payment assistance utilization, standardization and funding. We continue to promote DPA One with industry partners serving Black and Latino communities—affinity trade associations, nonprofit housing organizations, housing counselors, housing advocates and consumer groups.

Period	Goals
Year 1 – 2022	• Incorporate 45 state Housing Finance Agencies' down payment assistance programs into the tool. • Incorporate 20 select high-volume local and municipal nationwide down payment assistance provider programs into the tool. • Launch loan officer and down payment assistance provider functionality in market by year-end 2022. • Raise awareness of the tool to 15 national organizations that serve Black and Latino communities.
Year 2 – 2023	• Expand utilization of DPA One by at least 10 housing counseling agencies that serve targeted communities. • Continue to expand standardized subordinate lien documents and standardized data for 19 states. • Actively explore market opportunity for a DPA common offering through consultation with at least 12 industry organizations, including lenders, counseling agencies and housing finance agencies, and develop a recommendation on the viability of a common offering.
Year 3 – 2024	• Add 1,000 additional loan officers as users of DPA One.

4.2: Fair Servicing Analysis

Freddie Mac has established a routine analytics process to monitor loss mitigation outcomes. Insights derived from this fair servicing analysis may inform the design of our special servicing strategy. Our fair servicing analysis will assess whether and to what extent there exist disparities or gaps in loss mitigation outcomes after controlling for appropriate factors. We began this work in 2022 by identifying metrics and establishing an initial template for fair servicing monitoring.

Period	Goals
Year 1 – 2022	• None (to begin in Year 2).
Year 2 – 2023	• Execute fair servicing monitoring and analysis quarterly. • Begin to develop strategies to address any identified gaps.
Year 3 – 2024	• Continue execution of fair servicing monitoring. • As applicable, continue to develop and implement strategies to address identified gaps.

4.3: Finance Housing for Persons with Disabilities

Freddie Mac will provide additional liquidity for loans that support access to housing for persons with Intellectual and Developmental Disabilities (IDD) and other disabilities. Through this work, we will seek out viable and scalable development model innovations, including those with disability-inclusive design standards.

Freddie Mac has a demonstrated history of providing liquidity to support housing for persons with disabilities, including a focus on community-based, small-group living environments called HIDD (Housing for IDD). We will build on these efforts with a focus on recent innovations like mixed-ability apartment communities that can provide supportive housing with intentional design features to persons with a wider range of disabilities.

Period	Goals
Year 1 – 2022	• Complete at least one transaction.
Year 2 – 2023	• Complete at least two transactions.
Year 3 – 2024	• Complete at least three transactions.

Freddie Mac has a demonstrated history of providing liquidity to support housing for persons with disabilities, including a focus on community-based, small-group living environments called HIDD."

4.4: Provide Liquidity to Permanent Supportive Housing for Persons Who Formerly Experienced Homelessness

Freddie Mac will work in phases to scale nonprofit-based models that provide supportive affordable and workforce housing for persons who formerly experienced homelessness. Our research identified 10 nonprofit organizations with innovative programs and key markets with need for additional permanent supportive housing units. These nonprofits are positioned throughout the country, including in California, Texas, New York, Washington and Florida. Each offers a different model that integrates housing with supportive services for target populations, leveraging a combination of public and private funding sources.

Leveraging that research, Freddie Mac will work with nonprofit organizations to craft market-adoptable engagement parameters that would encourage multifamily property owners to advance supportive housing. Based on these exploratory results, Freddie Mac will seek to roll out parameters that can be used in conjunction with loan offerings.

Freddie Mac has worked with localities to provide financing for long-term housing with rental assistance and services supporting persons who formerly experienced homelessness (Permanent Supportive Housing) in markets across the country. We have also had success investing Low Income Housing Tax Credit (LIHTC) equity in supportive housing properties. Through this work, we determined that supportive housing-focused nonprofits have a unique opportunity to provide solutions for persons who formerly experienced homelessness due to their direct connections with communities and residents, coupled with their ability to engage with affordable-housing developers.

Period	Goals
Year 1 – 2022	• Conduct market research to identify collaboration opportunities.
Year 2 – 2023	• Identify standards for engagement between nonprofits and borrowers.
Year 3 – 2024	• Depending on prior year's exploration, roll out engagement parameters that can be leveraged with Freddie Mac loan offerings.

4.5: Improve the Quality of Single-Family Homes in Traditionally Underserved Black and Latino Communities

Affordable financing options and technical assistance can help Black and Latino homeowners renovate and remain in their homes. However, growing competition over limited housing supply has impeded many Black and Latino households from accessing homeownership. We will leverage Freddie Mac's leadership position in the industry to create financial tools that empower nonprofits and mission-driven developers to increase renovation and redevelopment activity in Black and Latino communities. Specifically, we will explore the growing use of the New Market Tax Credits as a source of financing toward the rehabilitation and creation of new affordable single-family housing supply.

Period	Goals
Year 1 – 2022	• Complete a qualitative housing stock assessment and identify renovation needs and types of property improvements that can help improve the quality of housing in historically underserved Black and Latino communities. • Establish new partnership with two to five landbanks. • Develop product enhancement recommendations based on the qualitative housing stock assessment.
Year 2 – 2023	• Evaluate the feasibility of establishing a New Market Tax Credit equity platform to purchase New Market Tax Credits tied to the creation of for-sale affordable housing. • Collaborate with selected vacant property stewards to support the redevelopment of 75 vacant properties as affordable and/or resilient housing stock, proactively targeting formerly redlined areas in historically underserved Black and Latino communities.
Year 3 – 2024	• Support the redevelopment of additional vacant properties as affordable homeownership units in Black and Latino communities. • Monitor and report.

4.6: Expand the Develop the Developer℠ Academy Program

Freddie Mac will extend its Develop the Developer℠ Academy curriculum to 5+-unit buildings in traditionally underserved and minority communities, including those that continue to be impacted by the long-term effects of redlining. Launched in 2020 for 1- to 4-unit properties, the academy provides education and financing opportunities for emerging and traditionally underserved developers, including Black, indigenous, people of color and female developers whose focus is on building wealth in their home communities.

We will select one target market per year to provide localized emerging developer education and support in collaboration with industry professionals who can provide funding opportunities and advice.

Period	Goals
Year 1 – 2022	• Expand curriculum to include 5+-unit properties. • Identify initial market to roll out expanded multifamily program.
Year 2 – 2023	• Identify and launch in a new market. • Enroll 30 developers in the Develop the Developer Academy.
Year 3 – 2024	• Identify and launch in a new market. • Enroll 45 developers in the Develop the Developer Academy.

4.7: Social Bond Issuance (Single-Family)

Freddie Mac seeks to meet rising market demand for mortgage-backed securities (MBS) that satisfy investor mandates for social investing, particularly in underserved markets. We began with issuance based on current affordable products that have embedded borrower benefits and for which securities disclosures are available. Following the social bond principles of the widely used International Capital Market Association (ICMA) standards, Freddie Mac published our Single-Family Social MBS and Corporate Social Debt Bonds Framework and Sustainalytics Second Party Opinion in preparation for the transition from issuing Affordable Bonds to labeled social bonds in 2024, which will be accompanied by social index disclosures.

Longer-Term Vision

Freddie Mac's longer-term vision to drive additional borrower benefit is to build the market through demand from social bond investors. Market demand can incentivize lenders to originate more loans that meet investors' social bond needs. As we develop additional origination products focused on underserved borrowers, we will evaluate them for inclusion in our social bond framework.

Period	Goals
Year 1 – 2022	• Transition from issuing Affordable Bonds to issuing social bonds. • Issue $3 billion in affordable housing bonds.
Year 2 – 2023	• Work with FHFA and Fannie Mae on Social Bond Request for Information (RFI) and implement market feedback, as appropriate, including new disclosure, social bond definitions and a plan for issuing labeled social bonds.
Year 3 – 2024	• Commence planning for Single-Family Social Bond Impact Report (covering 2024 issuance). • Publish the updated Social Bond Framework and Second Party Opinion in January. • Update the Social Bond Disclosures and begin issuing labeled Social Bonds in June 2024. • Assess the Single-Family Social MBS program to identify any gaps in performance. • Develop a capability that allows guarantor lenders to build their own social pools.

4.8: Increase Opportunities for Diverse and Emerging Multifamily Borrowers

Through intentional outreach, including surveys and targeted conversations, Freddie Mac has developed a three-pronged approach to increase opportunities for diverse and emerging multifamily borrowers:

1. Help close the knowledge gap by expanding our Develop the Developer Academy and developing and publishing resources that increase borrowers' understanding of how to best engage with Freddie Mac and its network of lenders.
2. Help close the relationship gap by (a) co-hosting networking events and opportunities for knowledge sharing, and (b) establishing and implementing an approach that sets expectations for lenders and creates a stronger path for engagement with diverse and emerging borrowers.
3. Help close the financing gap by developing a correspondent lender program, expanding current products that are most likely to be used by diverse and emerging borrowers and evaluating and establishing standards for credit enhancement and guarantors to enable borrowers and their partners to close the net worth and liquidity gaps.

Period	Goals
Year 1 – 2022	Closing the Knowledge Gap • Enhance our website to improve guidance for borrowers (particularly emerging and diverse borrowers) on how to best engage with Freddie Mac and its lenders. • See Develop the Developer Academy goals above. Closing the Relationship Gap • Host at least two networking events to promote partnership and connections. Closing the Financing Gap • See Expanding Linked Loan Parameters and Reform the Single-Family Rental Market goals. • See Develop Multifamily Correspondent Lender Program goals.
Year 2 – 2023	Closing the Knowledge Gap • Continue to build upon prior year's work by enhancing online resources and tools for diverse and emerging borrowers. • See Develop the Developer Academy goals above. Closing the Relationship Gap • Host at least two networking events to promote partnership and connections. Closing the Financing Gap • See Develop Multifamily Correspondent Lender Program and Reform the Single-Family Rental Market goals. • Identify credit enhancement and guarantor standards.
Year 3 – 2024	Closing the Knowledge Gap • See Develop the Developer Academy goals above. Closing the Relationship Gap • Host at least two networking events to promote partnership and connections. Closing the Financing Gap • Implement standards identified in 2023.

4.9: Affirmative Outreach and Insights

Our three-year affirmative outreach and insights strategy is designed to help advance equity in housing finance and help decrease barriers to sustainable housing opportunities for renters, buyers and homeowners. Freddie Mac plans to raise awareness, increase understanding and educate consumers through financial capability tools and marketing of our products and services. We will promote product offerings to industry partners and align with strategic clients and community organizations to promote insights, data and subject matter expertise.

Period	Goals
Year 1 – 2022	• Continue outreach campaigns on housing equity. • Launch consumer-engagement and education programs, events and resources. • Measure those campaigns via uniform reporting.
Year 2 – 2023	• Reach 21 million Black and Latino renters, buyers and owners via paid media throughout the year to educate and engage consumers on financial education, the homebuying process and available tools to help them succeed. • Educate mortgage loan officers on how to better connect with underserved minority borrowers by launching and promoting our loan officer training, A Seat that the Closing Table, with expected reach of 3 million impressions. • Integrate sustainability and climate impact content into Freddie Mac's borrower and renter-facing educational offerings, training programs and other consumer-facing materials. • Launch Freddie Mac CreditSmart® financial literacy curriculum in Spanish, accompanied by in-language awareness and engagement marketing tactics to reach a larger portion of the Latino market. • Promote Freddie Mac products, programs and offerings that support Black, Latino and other minority communities through podcasts, sponsored content, social media and paid advertising. • Partner with various industry associations, housing advocacy groups, community groups, Historically Black Colleges and Universities (HBCUs), faith-based groups, etc., to engage and educate underserved communities on how to obtain and sustain homeownership.
Year 3 – 2024	• Further refine marketing outreach in alignment with key focus areas and tactics outlined in this plan.

SECTION 5

Broad Interventions to Address Systemic Barriers to Equitable Housing

This section outlines our approach to broadly addressing systemic barriers to equitable housing. It focuses on solutions that address the homeownership gap and systemic underinvestment in formerly redlined areas, increase and improve the quality of affordable housing supply and increase opportunities for renters.

5.1: Improve Fairness in Credit Assessment

Freddie Mac continues to make meaningful enhancements to Loan Product Advisor® (LPA℠), our automated underwriting system (AUS), to offer more predictive LPA model versions to help identify creditworthy borrowers that prior model versions might have missed. We believe that better, more sophisticated LPA models are central to a successful equitable housing finance strategy. Freddie Mac has been evaluating the potential to expand access to credit for historically underserved borrowers through use of alternative credit scores, as well as using alternative data (e.g., rent payment history) for credit assessments. This is especially meaningful for Black and Latino consumers, who are more likely to have thin credit files or no credit score at all.[4]

In 2022, Freddie Mac announced an LPA enhancement to consider on-time rent payments as part of the company's loan purchase decisions. To continue enhancing the impact of our Rent Payment capability, we plan to explore product enhancements and work with Sellers to increase adoption. Tactics include outreach to increase borrower and Seller awareness of the offering, introducing a real-time reporting tool for Sellers that will identify in-process opportunity loans and updating LPA feedback certificate to promote rent payment opportunity.

Period	Goals
Year 1 – 2022	• Reduce disparities through implementation of a newer AUS version leveraging more advanced modeling techniques.
Year 2 – 2023	• Evaluate, analyze and implement an elimination or modification of existing business adjustments on top of LPA, while ensuring appropriate credit risk management. • Finalize the development of the next iteration of LPA by evaluating model specification option(s), leveraging detailed credit attributes, including trended attributes, to replace third-party credit score(s) with implementation planned by end of 2024. • Continue research on the use of alternative credit data. • Monitor Accept rate disparities for Black and Latino borrowers quarterly.
Year 3 – 2024	• Deploy new LPA model. • Continue analysis on viability of the use of trended and other alternative data. • Monitor Accept rate disparities for Black and Latino borrowers.

4 https://www.fdic.gov/analysis/household-survey/index.html

We believe that better, more sophisticated LPA models are central to a successful equitable housing finance strategy."

5.2: Improve Fairness in Underwriting

Many people in communities of color manage finances through cash transactions outside of the credit system, making it more difficult for potential borrowers to receive financing. Freddie Mac continues to analyze and incorporate into LPA information that demonstrates borrowers' responsible financial behavior, including leveraging borrowers' bank account transaction data and patterns to increase access to credit for underserved borrowers.

In 2022, Freddie Mac announced an LPA enhancement to allow consideration of positive cash flow in a borrower's bank account transaction data. To continue to increase the impact of our cash flow assessment capability, we will explore product enhancements (e.g., expand to include no-score borrowers) and work with Sellers to increase adoption. Tactics include outreach to increase borrower and Seller awareness of the offering, introducing a real-time reporting tool for Sellers that will identify in-process opportunity loans and updating the LPA feedback certificate to promote the cash flow opportunity.

Period	Goals
Year 1 – 2022	• Analyze impact to Accept rate gap for underrepresented borrowers.
Year 2 – 2023	• Expand eligible population of applications to move from Caution to Accept, potentially improving our Accept rate gap. • Perform fair lending impact analyses quarterly.
Year 3 – 2024	• Continue monitoring the Black and Latino shares of applications impacted by the availability of cash flow data bi-annually.

5.3: Valuation Modernization and Equity

Freddie Mac will continue efforts to foster greater equity in single-family real estate appraisals and valuation, including supporting the recommendations in the Property and Valuation Equity (PAVE) Action Plan.

Activity 1: Appraisal Industry Engagement

Freddie Mac will continue to champion appraisal and valuation equity concerns and solutions to ensure fair valuation and mitigate the potential for discrimination. Freddie Mac has partnered with The Appraisal Institute as a core sponsor of its Appraiser Diversity Initiative (ADI). Through ADI, we work with multiple industry participants to help increase diversity among residential appraisers.

We also collaborate with the Office of the Comptroller of the Currency's (OCC) Project REACh and other industry stakeholders to address appraisal process improvements. Through this work, Freddie Mac is co-leading an appraisal valuation workstream and participating in several appraisal work groups with representatives from lenders and the OCC. Additionally, we are providing input to the Appraisal Foundation's Appraisal Standards Board (ASB) and its Appraisal Qualification Board (AQB) with respect to establishing, improving and promulgating Uniform Standards of Professional Appraisal Practice, as well as the qualification criteria and minimum education required for new appraisers.

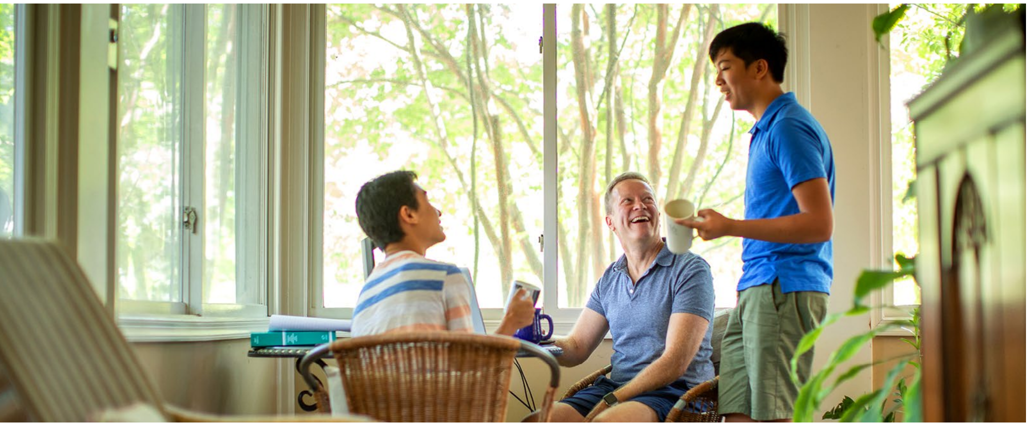
Period	Goals
Year 1 – 2022	• Continue leadership in ADI, Project REACh, ASB and AQB. • Work with FHFA to identify and expedite implementation of prioritized valuation equity proposals. • Work with FHFA to identify additional research topics related to valuation equity and publish and broadly distribute such research.
Year 2 – 2023	• Continue commitment of 10 or more Freddie Mac employees to mentor and support as many as 20 diverse new appraisers through the ADI. • Host seven to nine outreach events/programs to recruit and mentor program participants, award 200 scholarships (qualifying/practical application experience hours), add five new sponsors and expand program focus to include the Latino homeownership journey. • Partner with ADI leadership to develop an optimal structure through which ADI will support program graduates. • Continue to support Project REACh by leading appraisal workstreams to improve industry consistency in the reconsideration of value process and appraisal equity support.
Year 3 – 2024	• Same as 2023.

Activity 2: Appraisal Quality Monitoring

Freddie Mac's research indicates gaps exist in appraisal results when comparing appraisals in minority census tracts to appraisals in non-minority census tracts, representing a potential for undervaluation in appraisal reports. We have enhanced Loan Collateral Advisor®—our tool for appraisal report analysis—to detect undervaluation and will study the results. We also added rules to Loan Collateral Advisor to detect potentially discriminatory language in appraisal reports, enabling a feedback loop that directs appraisers to use fairer language. These efforts aim to reduce the number of appraisal reports with undervaluation or potentially discriminatory language, contributing to a fairer experience for consumers.

Freddie Mac developed an Appraisal Quality Monitoring (AQM) framework and staffed an internal team leveraging Loan Collateral Advisor to identify, assess, monitor and mitigate risks such as those from appraisal gaps—when property appraisal value is less than contract price. The team leverages results from Loan Collateral Advisor to identify trends related to quality and/or equity concerns from individual appraisers. The framework includes a procedure for feedback communications to appraisers and lenders that identify and request changes to observed trends.

Freddie Mac also plans to use results of this AQM framework to create industry communications (articles, webinars, conference appearances) to provide broad communication on the topic.



Period	Goals
Year 1 – 2022	• Deploy Loan Collateral Advisor version with enhanced undervaluation detection capability. • Define AQM framework, staffing and technology needs. • Establish policies and procedures for AQM. • Provide awareness, education and training to identified appraisers producing reports of inferior quality and/or reports with disparate results.
Year 2 – 2023	• Deploy rules in Loan Collateral Advisor to detect unacceptable words/phrases in appraisal reports and provide appropriate hard stops and/or feedback messages to the lender. After implementation, the tool will review 100% of appraisal reports. • Send at least 1000 educational letters to appraisers.
Year 3 – 2024	• Refine rules in Loan Collateral Advisor, adding hard stops that prevent delivery of reports containing unacceptable language. • Monitor performance of undervaluation indicator. • Continue to inform appraisers through feedback messages provided to the lender or their authorized third party when language indicating potential bias is being submitted. • Continue to monitor results and gauge changes in appraiser behavior.

Activity 3: Automated Collateral Evaluation Expansion

Freddie Mac is exploring expanding its policy to allow automated collateral evaluation (ACE) and ACE+ PDR, where ACE is supplemented with a property data report (PDR), for certain purchase transactions with higher LTV ratios for all borrowers, which should help mitigate appraisal gaps for Black and Latino borrowers. Freddie Mac currently permits ACE and ACE+ PDR for certain purchase transactions within TLTV ratios up to 80%; however, most Black and Latino borrowers have TLTVs greater than 80%.

ACE may offer a prudent alternative to an appraisal for many borrowers. ACE leverages Home Value Explorer (HVE), among other models/algorithms, and offers consistent results, as it relies on statistically based, empirically derived confidence scores. Expanded use of ACE and ACE+ PDR offers an alternative to traditional appraisals, in certain instances; it also provides sustainable access to credit, reduces borrower closing costs and reduces time to originate a loan.

Period	Goals
Year 1 – 2022	• None (to begin in Year 2).
Year 2 – 2023	• Evaluate ACE and ACE+ PDR in higher LTVs with changes to automated valuation rules, if appropriate.
Year 3 – 2024	• Work to define expanded waiver credit box and develop and implement associated policy, following required governance. • Through use of ACE and ACE+ PDR, reduce costs for historically underserved borrowers, pending policy deployment.

Activity 4: Analyze and Address Potential Appraisal Disparities in Multifamily Housing

Freddie Mac will research the potential existence and severity of appraisal inequalities for multifamily properties in communities or neighborhoods in which a high number of minority households reside.

The research will:

- Review background and existing research on this topic.
- Present data-driven findings on potential gaps in appraisal values.
- Discuss potential causes and solutions, depending on the nature of the issues identified.

Period	Goals
Year 1 – 2022	• None (to begin in Year 2).
Year 2 – 2023	• Conduct and publish research. (Activity deemed infeasible in 2023.)

5.4: Provide Capital for Very Small Multifamily Properties by Expanding "Linked Loan" Parameters

We intend to expand our linked loan parameters to allow financing of noncontiguous 2- to 4-unit rental properties. Today we allow 2- to 4-unit buildings, but they must be contiguous and of "like" quality to 5+-unit properties. Our expansion would include non-contiguous properties no more than three miles apart. This distance would allow for both consistent property management and flexibility for emerging and smaller developers to grow their portfolios and support their communities. Emerging developers would also benefit from our Develop the Developer Academy curriculum and other services funded through our community support investments described above and below.

Period	Goals
Year 1 – 2022	• Publish updated program parameters.

5.5: Support Renter Resource Organizations

Freddie Mac will provide financial support to established locally based Renter Resource Organizations (RROs) in targeted underserved areas that need more resources to (a) support underserved minority renters and/or (b) support underserved borrowers and property managers.

Renter Resource Organizations help foster consistent and straightforward access to tenant support services, which is of vital importance to helping people stay in their homes or ensuring rental units are in good repair. These organizations are on the front lines of assisting renters who face housing challenges, including those who are struggling to make rent payments or find affordable housing. They often assist renters as they seek affordable housing options and help with financial planning and education that can support a future move. RROs also offer directly or provide referrals for legal or financial aid and rental counseling. These organizations are often called on to support renters facing challenging life events or housing stability issues, including eviction. They can also support renters as they navigate-landlord tenant disputes, including by serving as a mediator.

Taken together, the services provided by RROs help support housing stability and as a result they foster greater community stability, which can be an important factor in measuring quality of life, increasing investment and addressing undervaluation in formerly redlined areas, racially or ethnically concentrated areas of poverty (R/ECAPs) and other underinvested communities.

The RROs Freddie Mac supports will provide impact reports, detailing what services our funds were able to support for underserved tenants. The RROs will also facilitate detailed Freddie Mac consumer sentiment surveys that will allow us to further gauge both our impact and the needs of tenants. Freddie Mac will use our learnings from this experience to better direct efforts and resources and tailor tenant-focused loan offerings.

Period	Goals
Year 1 – 2022	• Support at least four community organizations in varying underserved markets. • Launch website resource portal. • Poll renters and borrowers in at least four distinct communities.
Year 2 – 2023	• Support at least four community organizations in varying underserved markets. • Poll renters and borrowers in at least four distinct communities.
Year 3 – 2024	• Support at least four community organizations in varying underserved markets. • Poll renters and borrowers in at least four distinct communities.

5.6: Develop Multifamily Correspondent Lender Program for Community Development Financial Institutions, Minority Depository Institutions and Small Lenders

To empower Community Development Financial Institutions (CDFIs), traditionally underserved minority lenders, minority depository institutions (MDIs), smaller regional banks and other small financial institutions (SFIs), Freddie Mac will develop a correspondent relationship program that leverages our existing multifamily lender network infrastructure.

Under this program, we will first identify lenders from our Optigo® network of multifamily lenders who are willing and able to support smaller lending institutions. We will then develop a framework of guidelines and standards that our Optigo lenders can use when interfacing with and supporting smaller lending institutions. In 2023, we will expect all Optigo lenders to pursue an agreement with one correspondent. We will assess the success of the program and refine the framework as we receive feedback from our Optigo lenders.

As we work with our Optigo lenders to develop this correspondent lender program, we will continue to leverage our existing suite of seasoned and affordable loan pool offerings, as well as the new offerings described through our Plan, to provide liquidity to these institutions.

Period	Goals
Year 1 – 2022	• Leverage Optigo lenders to conduct research and outreach to potential correspondent lenders. • Identify and engage at least one correspondent lender. • Develop a framework for the correspondent lender program.
Year 2 – 2023	• Implement program requiring each Optigo lender to execute at least one correspondent agreement.
Year 3 – 2024	• Assess program and revise as appropriate.

5.7: Leverage Forward Commitments to Facilitate Ground-Up Construction and Adaptive Reuse of Affordable and Workforce Rental Housing for Individuals and Families

Freddie Mac will support the construction of new affordable housing and the adaptive reuse of existing non-residential structures—both with and without public subsidy—through the expansion of our forward commitment offerings.

Freddie Mac has executed forward commitments since the early 2000s to provide greater certainty around permanent financing for both developers and construction lenders, making construction lending more feasible. These commitments are particularly useful in countercyclical environments when liquidity is constrained.

Freddie Mac's use of forwards will include properties that benefit from Low Income Housing Tax Credits (LIHTCs) or where affordability is required for a meaningful percentage of units through the terms of a Freddie Mac loan agreement.

Forward commitments are one of the primary means through which Freddie Mac can encourage new affordable housing supply. Beyond our efforts to establish new forward commitments, Freddie Mac is converting existing forwards on an ongoing basis, allowing us to continually support new units as they are brought online.

Period	Goals
Year 1 – 2022	Expand our Forward Commitment Offerings • Formalize underwriting flexibilities for forward commitments. • Commit to funding 15,000 units.
Year 2 – 2023	• Commit to funding 20,000 units.
Year 3 – 2024	• Commit to funding 20,000 units.

5.8: Rehabilitate Affordable Rental Housing

Freddie Mac will work to provide financing through rehabilitation loans to improve the quality of affordable, decent, safe and sanitary housing, including properties available in racially or ethnically concentrated areas of poverty, formerly redlined areas and other geographic areas of underinvestment.

We have identified five potential loan offering enhancements to support the rehabilitation of affordable rental housing.

Action 1: Expand Eligible Uses of Our Preservation Rehabilitation Loan Offering

Freddie Mac will expand our Preservation Rehabilitation loan offering eligibility criteria beyond new LIHTCs to support properties engaging in substantial rehabilitation, so long as they preserve affordability either through a regulatory agreement or through rent restrictions in the Freddie Mac loan agreement.

Action 2: Develop "Bridge to Rehab" Loan Offering

Freddie Mac will develop offering terms for a Bridge to Rehab loan that will allow a new owner to acquire a property, preserve its affordability and commit to rehabilitation under our Preservation Rehab offering. We anticipate this will increase the ability of affordability-preservation focused borrowers to compete with those who would raise rents beyond affordable levels following substantial renovations.

Action 3: Expand Liquidity to Institutions Providing Rehabilitation Loans

Freddie Mac currently offers several seasoned and affordable loan pool securitization options to institutions that provide rehabilitation loans, such as small and minority-owned banks and CDFIs. Freddie Mac will provide greater flexibility in these offerings to accommodate properties undergoing rehabilitation.

Expanding rehabilitation collateral eligibility will provide a valuable source of liquidity to small and medium-sized lending institutions that support improvement of affordable housing, including affordable housing located in in racially or ethnically concentrated areas of poverty, formerly redlined areas and other geographic areas of underinvestment.

Action 4: Promote Climate Resiliency Property Improvements

Freddie Mac will focus on advancing climate resiliency at properties by identifying and/or developing resiliency standards. We will explore how to assess properties for resiliency according to identified standards and explore opportunities to encourage owners to make improvements that enhance the property resiliency to natural disasters and promote sustainability.

Action 5: Promote Efficiency and Environmental Property Improvements

Freddie Mac will evaluate potential enhancements to green loan products and other financing tools to better meet market needs for decarbonization and to increase energy/water efficiency in housing. The goal is for these loan products to have a greater impact on tenants by lowering utility costs and supporting affordability over time. These efforts can benefit households facing energy insecurity and historically underserved communities that face aging and inferior housing conditions.

Freddie Mac will also evaluate what changes might be needed to our Green Bonds program, which helps to attract capital for loans with energy/water efficiency requirements. As appropriate, we will implement enhancements to green loans and Green Bonds in 2024.

Beyond the creation of new units, our housing supply depends on the continual rehabilitation of existing units. It can be substantially more expensive to bring new units online than to maintain and improve upon the quality of existing units. Freddie Mac's rehabilitation offerings are another essential tool that supports the availability and quality of affordable housing.

Period	Goals
Year 1 – 2022	• Fund 5,000 units of rehabilitated properties. Liquidity to Institutions Providing Rehabilitation Loans • Update pool transaction term sheet to include rehab loan eligibility. Preservation Rehabilitation Loan Offering • Update term sheet. Bridge to Rehab • Publish term sheet.
Year 2 – 2023	• Fund 10,000 units in rehabilitated properties (assuming implementation of offerings in 2022). Climate Resiliency Property Improvements • Identify climate resiliency standards. Environmental Property Improvements • Evaluate enhancements for green offerings and other tools.
Year 3 – 2024	• Fund 10,000 units in rehabilitated properties. Climate Resiliency Property Improvements • Implement climate resiliency standards, as applicable. Environmental Property Improvements • Implement enhancements, as feasible, based on prior year's evaluation.

5.9: Explore and Implement Methods to Preserve At-Risk Affordable Housing through Freddie Mac Affordability Restrictions

Freddie Mac will preserve affordable and workforce housing without government support by leveraging existing and exploring new loan offerings that enforce affordability restrictions through Freddie Mac's loan documents or suitable equivalent. We will establish these standards of preservation and make them available across applicable loan offerings. This approach will allow private investment capital to be directed toward preserving affordability and will allow limited public subsidy to be applied where it is most needed and most effective.

For LIHTC properties where the affordability restrictions expire during the Freddie Mac loan term, we will explore ways to motivate borrowers to commit to preserving affordability beyond the period of regulatory restriction if they are unable to pursue a new LIHTC syndication. This commitment would be enforced through the Freddie Mac loan agreement or suitable equivalent. We would update applicable Targeted Affordable Housing term sheets as appropriate to include these preservation parameters and promote them through our lender network. Enhanced offerings would be informed by our research described below. These efforts align with our Duty to Serve Plan activities aimed at preserving affordability at LIHTC properties and go beyond that work to preserve affordability at properties without government support.

Although rents have gradually risen over time, market conditions have driven higher-than-typical rent increases in recent years. Conversely, subsidy programs designed to support rental housing at below-market rates have not kept pace with this market dynamic. To help address the widening gap, Freddie Mac's preservation offerings are serving as another tool that can help temper rising rents by providing multifamily operators that agree to maintain affordability with favorable financing terms. Freddie Mac is continuing to set a high bar for this program by increasing our goal in a market that is substantially smaller than it was when the target was originally set.

Period	Goals
Year 1 – 2022	• Support the preservation of 1,000 at-risk housing units, subject to affordability requirements in Freddie Mac loan documents or suitable equivalent.
Year 2 – 2023	• Support the preservation of 3,000 at-risk housing units (assuming implementation of offerings), subject to affordability requirements in Freddie Mac loan documents or suitable equivalent. • Update existing applicable Targeted Affordable housing term sheets with enhanced preservation language and market to our lender network.
Year 3 – 2024	• Support the preservation of 5,000 at-risk housing units (assuming implementation of offerings), subject to affordability requirements in Freddie Mac loan documents or suitable equivalent.

> **This approach will allow private investment capital to be directed toward preserving affordability and will allow limited public subsidy to be applied where it is most needed and most effective."**

5.10: Analyze Low-Income Housing Tax Credit Properties at Risk of Lost Affordability

Freddie Mac will analyze the magnitude of LIHTC property affordability loss, as well as where it is most likely to occur. While other research has been conducted on this topic, our work will provide a more market-specific assessment of risk to affordability of units when restrictions expire. We will publish a paper that measures the risk of lost affordability, examining these findings in the context of available public subsidy, such as private activity bond and state-level LIHTC allocations. This research is aligned with our Duty to Serve Plan.

We will leverage this research in our efforts described above to increase the preservation of at-risk LIHTC properties through Freddie Mac loans on properties seeking to extend affordability through new LIHTC or through Freddie Mac loans on properties that may exit the LIHTC program but will commit to preserve affordability through the Freddie Mac loan agreement.

Period	Goals
Year 1 – 2022	• Publish paper.

5.11: Financial Empowerment for Renters: Credit Building, CreditSmart® and Opportunity-Building Features

Within the multifamily housing industry, Freddie Mac is providing renters opportunities to increase social and economic mobility. We announced in November 2021 a credit-building program which encourages the reporting of on-time rent payments to credit bureaus, which can both create and bolster credit scores. Through outreach and research efforts, we are exploring additional ways to further social and economic mobility for renters.

Action 1: Increase Rent Reporting for Credit Building

Freddie Mac will partner with additional rent reporting vendors and encourage multifamily borrower adoption of on-time rent reporting to strengthen renters' credit scores. Our goal is to make on-time rent reporting an industry standard.

Freddie Mac will also analyze the impact of credit building using credit bureau data, controlling for other potential drivers to isolate our impact. This research can inform changes to the program and/or encourage broader market adoption.

Our goal is to make on-time rent reporting an industry standard, and we are well on the way to this. We have seen increased market competition and adoption as more providers offer on-time rent reporting services. To date, Freddie Mac has seven rent reporting vendors in our program. Starting in 2024, we updated program parameters to drive greater impact for renters, requiring a minimum of 2 years of positive reporting at properties going forward instead of the previous 1-year minimum. These efforts have helped to create and bolster credit scores for renters at a significant pace.

Action 2: Introduce CreditSmart for Renters

CreditSmart—Freddie Mac's proprietary financial empowerment curriculum—is free and robust. Lessons start with setting financial goals and put the power in the consumers' hands to better understand concepts ranging from how to build a household budget, to saving for rainy-day expenditures, to buying or leasing a vehicle. For renters, CreditSmart can guide users through creating household budgets, determining how much to spend on rent and knowing what their tenant rights and obligations are before entering into a lease. Through our efforts, we are conducting targeted, deliberate outreach to renters by partnering with community organizations, such as Renter Resource Organizations, and credit building vendors to broadly promote the curriculum. We will also directly promote CreditSmart to renters through online marketing.

Action 3: Identify Renter Opportunity-Building Features and Standards

Freddie Mac intends to identify and build out standards around a core set of opportunity-building features—such as rent rebates and savings incentives for renters—that multifamily borrowers can implement at the property level. These features could be layered into offerings our borrowers are already using through Freddie Mac to further increase the impact these offerings can have on tenant advancement.

Period	Goals
Year 1 – 2022	Credit Building • Make credit building available to 100,000 new units. CreditSmart • Implement strategy to deliberately market CreditSmart at multifamily properties. • Enroll at least five partner corporations in CreditSmart Coach training. Opportunity Building • Identify a core set of opportunity-building features for renters that borrowers are currently using.
Year 2 – 2023	Credit Building • Extend credit building availability to a cumulative 200,000 units, counted from program inception. CreditSmart • Establish relationships with organizations to promote CreditSmart to their consumer base. • Register at least 3,000 renters for CreditSmart. Opportunity Building • Develop standards for renter opportunity-building features that can be leveraged in our programs and offerings and/or scaled across the industry.
Year 3 – 2024	Credit Building • Extend credit building availability to a cumulative 300,000 units, counted from program inception. CreditSmart • Provide the CreditSmart financial capability curriculum to at least 3,000 renters. Opportunity Building • Consider additional opportunity-building features for resident-centered housing resource and promote existing features published in 2023.

5.12: Identify Opportunities to Support Market Adoption of Enhanced Baseline Tenant Protections

Federal, state and local governments have sought to establish standards in landlord-tenant relations and practices through a range of laws that provide various tenant protections, balancing the interests of landlords and tenants while maintaining a stable rental housing system.

Freddie Mac will consider disparities in tenant protections and tenants' rights in two ways.

First, we conducted in-depth research on the amount, availability and degree of core tenant protections in all 50 states, Washington, D.C. and applicable U.S. territories.

Second, after completing and publishing our research, Freddie Mac will work with market stakeholders, including tenants' rights advocates, multifamily developers/owners, property managers and FHFA to explore the feasibility of expanding market-adoptable tenant protections.

Period	Goals
Year 1 – 2022	• Publish paper.
Year 2 – 2023	• Explore the feasibility of expanding market-adoptable tenant protections.
Year 3 – 2024	• Engage with market stakeholders and consider policy enhancements.

5.13: Analyze Housing Choice Voucher Availability, Efficacy and Acceptance for Renters and Homeowners

Freddie Mac will research the usage and efficacy of housing choice vouchers (HCV) nationwide in providing access to opportunity using geographic, policy and data analysis.

In our research, we intend to analyze the severity and prevalence of factors that inhibit use of housing choice vouchers, especially in high opportunity areas, and investigates where vouchers can and cannot likely support rent levels and homeownership.

We will examine:

- Where vouchers are used today.
- Where vouchers have the potential to be used based on market rent levels and program rules.
- How voucher usage aligns or does not align with areas that provide access to opportunity.

Additionally, we will consider barriers to vouchers providing greater access to opportunity today as well as alternative scenarios under which vouchers could provide that access.

While much research has been conducted on housing choice vouchers, this analysis will be specifically directed to shed light on voucher usage as it relates to neighborhood affordability and opportunity and may contribute to development of—or outreach related to—Freddie Mac loan offerings or other efforts to maximize the impact of housing choice vouchers.

Period	Goals
Year 1 – 2022	• None (to begin in year 2).
Year 2 – 2023	• Acquire HUD housing choice voucher data and achieve controlled operational usability. • Analyze data and document how we will leverage it to inform the broader housing market on the use of housing choice vouchers.
Year 3 – 2024	• Conduct research and consider publication if applicable.

5.14: Reform the Single-Family Rental Market with a Focus on Equity, Affordability and Sustainability

Freddie Mac entered the Single-Family Rental (SFR) market in 2018-2019 under a temporarily authorized pilot program. During the pilot, Freddie Mac purchased over $1.3 billion in SFR loan volume and financed 16,140 underlying properties.

The Freddie Mac SFR pilot:

- Focused on small and middle-tier borrowers.
- Contributed to affordable housing supply by demonstrating that SFRs affordable at 80% of area median income (AMI) could be created and well-operated.
- Provided borrowers much-needed access to credit with long-term financing at lower rates.
- Targeted borrowers who operated in the affordable segment of SFR.

Freddie Mac's SFR pilot demonstrated the value of providing targeted financing for affordable SFRs. If we were to re-enter the SFR market, we would take the lessons from our pilot and apply them with a distinct focus on furthering equitable housing, supporting strong and tenant-friendly management practices, facilitating opportunity for homeownership and furthering access to opportunity for renters.

- Freddie Mac would aim to provide access to capital and thereby opportunity, particularly for emerging and diverse small- and middle-market SFR borrowers. Furthermore, we would not participate in financing large SFR transactions that involve 100% market rate or luxury rental homes, or fund equity buyouts, mergers or acquisitions of large institutional SFR owner/operators.
- We would seek to encourage or include additional equity-focused features in the program, where market-adoptable:
  - Allow for the eventual sale of SFR properties to tenants, thereby returning homeownership opportunities to the single-family housing supply.
  - Implement credit building program.
  - Accept housing choice vouchers, where economically feasible.
  - Include market-adoptable tenant protections, where feasible.
  - Implement green improvements, such as installing energy-efficient appliances and low water usage bathroom and kitchen fixtures.

Period	Goals
Year 1 – 2022	• Complete market, feasibility and impact analysis.
Year 2 – 2023	• Begin to develop program approach and parameters, if warranted by feasibility analysis.

SECTION 6

Conclusion

This is Only the Beginning

The inequities facing Black and Latino communities are longstanding, and addressing this crisis demands long-term commitment and focus. Freddie Mac's Equitable Housing Finance Plan sets a course that we—and our partners throughout the industry—will follow and improve upon for years to come, but it is only the beginning. We believe the actions in this Plan are meaningful steps that will help us address this urgent national priority and deliver on our mission of equitably **making home possible**.

SECTION 7

Appendix

7.1: Consumer Research Interviews & Surveys

In 2021, Freddie Mac conducted in-depth research interviews and surveys to help us determine the areas we should address in our Equitable Housing Finance Plan. The details of this research may be referenced in the appendix of the Plan's original version.

7.2: 2024 Updates to 2023 Equitable Housing Finance Plan (EHFP)

#	Section	Reason	Page
3.1	Purchase Mortgages Through Special Purpose Credit Programs (SPCPs)	• Matching our Year 2 SPCP loan purchase commitment.	5
3.5	Reserve Funds	• Updating goal following successful implementation feasibility study in 2023.	7
3.7 **NEW**	Meeting the Needs of First-Generation Homebuyers	• Announcing a definition of First-Generation Homebuyer, which has been established to inform future use cases for products and initiatives.	9
4.1	Promote Down Payment Assistance Tools with Industry Partners Servicing Black and Latino Communities	• Adding a goal to underscore our commitment to growing the DPA One platform and improving its efficacy. • Removing a program-level metric and adding loan officer impact metric. • Removing goal, as development of a common DPA offering is not recommended at this time.	11
4.7	Social Bond Issuance (Single-Family)	• Updating goal to reflect 2024 issuance, since Social Bonds were not issued in 2023. • Adding additional goals that reflect our current commitments and progress.	17
5.2	Improve Fairness in Underwriting	• Updating goal to change quarterly reporting to bi-annually and clarify goal. Based on 2023 data, the numbers do not change enough quarterly; as a result, updates were made at the 6-month interval in 2023, and we will do the same going forward.	22

#	Section	Reason	Page
5.3	Valuation Modernization and Equity	• **Activity 2: Appraisal Quality Monitoring** ◦ Replacing previous goals to provide more specific goals for 2024. ◦ Adding new goals to reflect advancements made in the monitoring process that allow additional commitments. • **NEW Activity 3: Automated Collateral Evaluation Expansion** ◦ Freddie Mac is exploring expanding its policy to allow automated collateral evaluation (ACE) and ACE+ PDR (ACE supplemented with property data report) for purchase transactions with higher LTV ratios for all borrowers, which should help mitigate appraisal gaps for Black and Latino borrowers. This revision clarifies commitments made in our original Plan. • **Activity 4 (previously Activity 3): Analyze and Address Potential Appraisal Disparities in Multifamily Housing** ◦ Deleting goal to develop a plan to address disparities, since research planned to identify disparities was found to be infeasible.	23
5.7	Leverage Forward Commitments to Facilitate Ground-Up Construction and Adaptive Reuse of Affordable Rental Housing for Individuals and Families	• Reducing goal from 30,000 units to 20,000. The previous goal represented a substantial increase over our 2023 commitment of 20,000 units, which we found challenging given the reduced size of the multifamily market. It is not likely that the market can support 30,000 units in 2024.	30
5.8	Rehabilitate Affordable Rental Housing	• Reducing goal from 20,000 units to 10,000. This previous goal represented a doubling of our 2023 commitment of 10,000 units, which we found challenging given the reduced size of the multifamily market. It is not likely that the market can support 20,000 units in 2024.	30
5.11	Financial Empowerment for Renters: Credit Building, CreditSmart and Opportunity Building Features	• Reducing the number of renters reached with our CreditSmart financial capability curriculum. A significant percentage of CreditSmart enrollees decline the opportunity to identify as renters. As a result, we anticipate that there are far more renters enrolling than we can capture in the data, making this goal challenging to assess and therefore reach. We are modifying the number of renters to be consistent with our 2023 goal and adjusting the language slightly to allow for us to capture renters who have received in-person CreditSmart training. • Adding new goal to consider additional opportunity-building features for resident-centered housing resource and promote existing features published in 2023. This change clarifies our goals for 2024 with consideration for our work in 2023.	34
5.12	Identify Opportunities to Support Market Adoption of Enhanced Baseline Tenant Protections	• Creating Year 3 goal. Our initial target referenced our 2023 work; this change is based on that work and aligns to the FHFA scorecard.	36
5.14	Reform the Single-Family Rental Market with a Focus on Equity, Affordability and Sustainability	• Removing goals for Year 3, since our 2022-2023 work concluded it is not advisable at this time to re-enter the scattered-site single-family rental market.	38

Freddie Mac

We make home possible®