FREDDIE MAC

Equitable Housing Finance Plan

Our Commitment to **Making Home Possible** Equitably

April 2023

Freddie Mac
We make home possible®

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Implementation of the activities and objectives in Freddie Mac's Equitable Housing Finance Plan may be subject to change based on factors including 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 its first Equitable Housing Finance Plan (Plan), an ambitious set of initiatives to help advance equity, affordability and sustainability for more families in traditionally underserved communities. The Plan was designed to underscore the company's commitment to work across the industry to create opportunities for all families to access quality affordable housing and achieve the American Dream.

Since that time, we have made meaningful progress in implementing the Plan, as we describe in our 2022 Equitable Housing Finance Plan Performance Report.

For example:

- We launched programs that helped renters and borrowers improve their credit scores and factor a history of on-time rent payments into our loan purchase decisions.
- We are using Special Purpose Credit Programs to make homeownership possible for those looking to buy in underserved communities.
- We introduced innovations to reach those who may not have qualified for homeownership with traditional underwriting, such as assessments of bank data that quickly identify assets, income, employment and a history of positive monthly cash flow activity.
- We took meaningful action to **develop, expand and enhance** products that help increase the supply of affordable homes and rentals.
- And, we launched multiple initiatives to increase diversity across the housing finance industry.

All of this helped us finance approximately one million home purchases, with more than half of the owner-occupied homes affordable to low- and moderate-income families. We made home possible for 440,000 first-time homebuyers. We also financed tens of thousands of loans through our Home Possible program, which helps low-income homebuyers by requiring a down payment as low as three percent. Nearly 30 percent of Home Possible loans we purchased last year supported majority-minority communities. We also financed 695,000 rental units, 96 percent of which were affordable to low- and moderate-income families.

While we have made important progress, we know there is much more to do. Through our 2023 Equitable Housing Finance Plan actions, we seek to expand the work we started last year to give families in all communities 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 remain focused on removing barriers and driving change through education, mortgage products and other business solutions.

Our Equitable Housing Finance Plan is only one part of a comprehensive and ever-evolving strategy for Freddie Mac to bring greater access to homeownership and affordable rental housing. We put our mission at the center of everything we do. That includes continuing to promote equity across all markets and dimensions, including race, ethnicity, sexual orientation and accessibility.

We will continually strive to deliver on our Plan and our broader efforts to help make home possible for all families. We look forward to reporting back on our progress in early 2024.

– Michael J. DeVito, CEO

SECTION 2

Plan Overview

In our Equitable Housing Finance 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 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 demonstrates our targeted approach through special purpose credit programs that are necessary to address mortgage lending barriers and eliminate disparities facing Black and Latino homebuyers and homeowners.

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 plan to purchase loans originated through these lender SPCPs beginning in 2023 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 launched our first SPCP in 2022 to address the greatest barrier to homeownership: gathering sufficient funds to close a mortgage transaction. 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.

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 through purchasing SPCP loans originated by at least 10 lenders.
	  ◦ Purchase loans originated through lenders' SPCPs.
	  ◦ Promote adoption of Freddie Mac's designed SPCP among lenders.

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	• Begin implementation, pending approval in Year 2.

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, 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 Special Servicing Framework and to integrate it into future equitable housing offerings.

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	• Expand utilization of DPA One by at least 10 additional housing counseling agencies. • Pending 2023 recommendation to proceed, begin development of common DPA offering.

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.

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 (DTDA) 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, DTDA 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 DTDA.
Year 3 – 2024	• Identify and launch in a new market. • Enroll 45 developers in the DTDA.

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 social bonds in 2023, 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. We would expect to leverage any additional Freddie Mac origination products with embedded benefits for underserved borrowers.

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 2023 issuance).

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 at 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.[2]

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.

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

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.

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 Accept rates for Black and Latino borrowers quarterly.

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 Freddie Mac 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	• Monitor performance of undervaluation indicator. • Increase appraiser awareness and accountability to produce appraisals in compliance with Freddie Mac requirements.

Activity 3: 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.

Once published, we will convene market stakeholders to examine opportunities and develop a plan to address disparities in the multifamily industry appraisal process and standards.

Period	Goals
Year 1 – 2022	• None (to begin in Year 2).
Year 2 – 2023	• Conduct and publish research.
Year 3 – 2024	• Develop a plan to address identified disparities.

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.

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 30,000 units.

*An earlier version of this Plan contained a typographical error for this goal. Corrected to reflect the goal as established in 2022.

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.

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 20,000 units in rehabilitated properties (assuming implementation of offerings in 2023). 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.

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.

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. Freddie Mac 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.

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 • Register at least 5,000 renters for CreditSmart. Opportunity Building • 2024 goals will be established based on standards implemented 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	• 2024 goals will be determined based on 2023 feasibility analysis.

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.

Based on this research, Freddie Mac will publish a paper that analyzes 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	• Publish paper.

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.
Year 3 – 2024	• Complete program development. • Launch SFR offering, if applicable.

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: 2023 Updates to 2022 Equitable Housing Finance Plan (EHFP)

#	Section	Reason	Page
3.3	Mortgage Insurance Cost Reduction	• Conducted analysis and consulted with mortgage insurance companies, their trade association and other industry participants in 2022. We anticipate continued discussions in 2023.	6
3.4	Title Insurance Risk Cost Reduction	• In 2022, we consulted with title companies, their trade association and other industry participants. We anticipate continued discussions in 2023.	6
3.5	Reserve Funds	• Updated actions due to extended stakeholder engagement and development timeline, beyond what had been anticipated for 2022. Revised actions reflect a delay in implementation but also a deeper stakeholder-informed approach.	7
3.6	Servicing for Sustainability (Single-Family)	• Completed analysis on automatic payment deferral, as planned in Year 1, and determined it was not as scalable an approach as our proposed reserve fund. We are dedicating our resources to developing the reserve fund. • Included additional goal for Special Servicing Framework, to launch test-and-learns on two loan populations. • Included additional goal for loss mitigation, borrower outreach, education and counseling around improving borrower-facing educational materials.	8
4.1	Promote Down Payment Assistance Tools with Industry Partners Servicing Black and Latino Communities	• Quantified the goal of expanding access to housing counselors by stating we will expand awareness to the DPA One tool access to 10-20 housing counseling agencies that serve targeted communities. • Quantified the goal of expanding standardized subordinate lien documents and standardized data to states by stating that we will continue to expand standardized subordinate lien documents and standardized data for 19 states.	10
4.2	Fair Servicing Analysis – New Section	• New commitment to reflect our work in analyzing loss mitigation outcomes.	11
4.3	Finance Housing for Persons with Disabilities	• Expanded approach to increase scalability by expanding population eligibility and transaction types. Our initial plan was focused exclusively on housing for individuals with intellectual disabilities. We are expanding our scope to help better meet the needs of individuals with a wider range of disabilities. These communities are also underserved, and serving this broader population necessitates a broader solution set than that identified in our initial plan.	12

#	Section	Reason	Page
4.4	Provide Liquidity to Permanent Supportive Housing for Persons Who Formerly Experienced Homelessness	• Expanded approach to increase scalability by including various ways of financing supportive housing. Our initial plan focused on working with distinct markets and directly seeking to leverage and expand the use of existing government programs. Through our research and outreach in Year 1, we identified important work that non-profit organizations are doing to increase housing access to persons who have experienced homelessness. We are expanding our approach to identify standards that might increase the impact and scalability of these non-profit approaches.	13
4.5	Improve the Quality of Single-Family Homes in Traditionally Underserved Black and Latino Communities [formerly 5.4 Provide Technical Assistance on Renovation Financing]	• Changed tactic name – formerly known as *Provide Technical Assistance on Renovation Financing*. • We expanded our approach to improving the quality of single-family homes to include additional solutions beyond providing technical assistance on renovation financing. • Based on Year 1 insights and feedback from community stakeholders, more financing tools are needed to improve and create affordable single-family homes. Use of the New Markets Tax Credit (NMTC) was identified as an innovative source of financing that many community stakeholders are starting to embrace.	14
4.6	Expand the Develop the Developer Academy Program	• Revised to scale and standardize approach and include additional individual markets. • Increase developer enrollment goal from 10 to 30 for 2023 and from 10 to 45 for 2024.	15
4.7	Social Bond Issuance (Single-Family)	• Updated 2023 goals to better reflect continued need to align our progress on SPCPs with our social bond framework.	16
4.8	Increase Opportunities for Diverse and Emerging Multifamily Borrowers [formerly 4.7 Increase Diverse Multifamily Borrowers' Access to Capital]	• Changed tactic name – formerly known as *Increase Diverse Multifamily Borrowers' Access to Capital*. • Broadened the approach to increasing opportunities for diverse and emerging borrowers, focused on closing knowledge, relationship and financing gaps.	17
4.9	Affirmative Outreach & Insights [formerly 5.7 Affirmative Marketing Plan]	• Changed tactic name – formerly known as *Affirmative Marketing Plan*. • Expanded tactic to incorporate the outreach and insights work that is being done in Black and Latino communities. • Incorporated sustainability and climate impact. • Updated goals to reflect an expansion to outreach.	18
removed	Equity Research Agenda	• We will continue to publish research in Years 2 and 3, as appropriate, e.g., to support our corporate climate resiliency efforts.	–
5.3	Valuation Modernization and Equity [formerly 6.3 Solutions to Address Appraisal Bias and 4.4 Automated Collateral Evaluation Expansion]	• Changed tactic name – formerly known as *Solutions to Address Appraisal Bias*. • Added specific goals to support appraisal industry engagement by quantifying: new appraisers being mentored; ADI events; and scholarship recipients we plan to host. • Former Section 4.4 *Automated Collateral Evaluation Expansion* was incorporated into this section.	22
5.4	Provide Capital for Very Small Multifamily Properties by Expanding "Linked Loan" Parameters	• Activity completed.	25

#	Section	Reason	Page
5.5	Support Renter Resource Organizations [formerly 6.5 Support Renter and Multifamily Borrower Resource Organizations]	• Changed tactic name -- formerly known as *Support Renter and Multifamily Borrower Resource Organizations* • Revised goal to focus on four organizations rather than seven each year in order to enhance the depth of our engagement with each individual organization.	26
5.6	Develop Multifamily Correspondent Lender Program for Community Development Financial Institutions and Small Lenders	• Revised goal to require that each Optigo lender establish a correspondent lender agreement with a CDFI, SFI or MDI to expand program impact. This accelerates and expands our initial goal of one additional correspondent lender relationship by Year 2 and five by Year 3.	27
5.7	Leverage Forward Commitments to Facilitate Ground-Up Construction and Adaptive Reuse of Affordable Rental Housing for Individuals and Families	• We have focused this effort on forward commitments, which provide near-term impact that can be scaled. While we see opportunities to further impact the construction lending market by providing liquidity for construction-to-permanent financing over time, the increased use of our expanded forward commitments is best able to impact the market now.	28
5.8	Rehabilitate Affordable Rental Housing	• Revised rehab unit goal from 12,000 to 10,000 to account for market conditions. • Incorporated preserving at-risk LIHTC units into existing preservation efforts. • Revised to focus on establishing climate-resiliency standards. • Added the evaluation of potential enhancements for green loan products and other financing tools to meet market decarbonization needs.	28
5.9	Explore and Implement Methods to Preserve At-Risk Affordable Housing through Freddie Mac Affordability Restrictions	• Included broader preservation activities and reduced 2024 target from 6,000 to 5,000 to account for market conditions.	30
removed	Small Balance Loan Rehabilitation	• This activity was removed, as other activities in the Plan will meet the need and have greater impact in the market.	–
removed	NOAH Preservation	• This activity was removed, as other activities in the Plan will meet the need and have greater impact in the market.	–
5.10	Analyze Low-Income Housing Tax Credit Properties at Risk of Lost Affordability	• Activity completed.	31
removed	Analyze and Identify Affordable Rental Housing Needs	• This activity was removed to account for the in-depth analysis needed for a broader scope.	–
5.11	Financial Empowerment for Renters: Credit Building, CreditSmart and Opportunity Building Features	• Changed the metric for CreditSmart from "offer" to "register." Registrations more accurately reflect the reach of the program but are naturally a smaller number than those to whom the program was offered. • Enhance work with organizations to disseminate CreditSmart. • Revise objective to focus on "Renter Opportunity" features; remove mention of incentivizing borrowers to broaden the scope.	32

#	Section	Reason	Page
5.12	Identify Opportunities to Support Market adoption of Enhanced Baseline Tenant Protections [formerly 6.13 Identify and Implement Enhanced Baseline Tenant Protections]	• Having published landmark research on tenant protections, and with the enhanced attention of market stakeholders on this issue, it is important to be very intentional in engaging those stakeholders as we work with them to determine what is most market adoptable. As a result, we are spreading out our efforts over a two-year period. We will conduct in-depth outreach in Year 2 and apply what we learned through our work with stakeholders in Year 3.	33
5.13	Analyze Housing Choice Voucher Availability, Efficacy and Acceptance for Renters and Homeowners	• Revised goal to analyze data in 2023 and publish a paper in 2024, given the volume of data to analyze.	34

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