



Multifamily Structured Credit RiskSM Program Overview (MSCRSM Notes)

Investor Presentation

as of December 31, 2023



Multifamily Structured Credit RiskSM (MSCRSM) Program

MSCR Notes offer capital markets investors an innovative way to add U.S. multifamily market exposure while benefiting from our industry-leading underwriting and credit risk management standards

- Freddie Mac introduced the MSCR Notes to its credit risk transfer (CRT) program in May 2016. The notes are structured similarly to other CRT vehicles but provide unique Multifamily exposure
- In January 2021, Freddie Mac revamped the MSCR Notes with the latest updates (MSCR 2021-MN1) to align with other CRT offerings, especially with our Single-Family STACR program
- MSCR Notes are subject to credit risk of an identified pool of multifamily mortgage loans (reference obligations):
 - i. for which Freddie Mac provides credit enhancement for the related multifamily bonds issued by state and local housing agencies; or
 - ii. from Freddie Mac retained portfolio originated under the same underwriting standards as our conventional business
- The principal payments are determined by actual principal payments on the reference pool including losses if they occur
- Certain reference obligations are only partially included in the reference pool, based on a corresponding fixed percentage (Reference Obligation Percentage), representing *pari passu* portions of their respective whole loans
- As of December 2023, Freddie Mac Multifamily has settled 10¹ MSCR transactions totaling approximately \$44.8 billion of reference obligations

¹ Freddie Mac has settled three additional MSCR-SN transactions totaling approximately \$1.2 billion of reference obligations in 2023

MSCR Reference Obligations

MSCR notes transfer the credit risk on a pool of loans primarily backing fully guaranteed Freddie Mac Multifamily Participation Certificates (Multi PCs®), other fully guaranteed Multifamily certificates and credit enhancement on affordable multifamily-backed bonds issued by state and local housing finance agencies

Securitized Guaranteed Products

Multi PCs®

Direct pass-through securitizations and are fully guaranteed by Freddie Mac

The goal is to execute resolutions in Freddie Mac's or the Trust's best interest economically, operationally and from a reputational perspective

Fully Guaranteed Multifamily Certificates

Securitizations of pooled loans offering geographic and sponsorship diversification

Bond Credit Enhancements & Portfolio Loans

Bond Credit Enhancement

The Bond Credit Enhancement (BCE) program enables borrowers to obtain financing for affordable multifamily properties funded by the sale of fixed-rate or variable-rate tax-exempt housing bonds

Eligible transactions include bond refunding, substitution, or new issue transactions with 80-20 bonds, taxable bonds in combination with tax-exempt bonds, 501(c)(3) bonds, Section 8, Section 236, tax abatements and 4% Low-Income Housing Tax Credits

Portfolio Loans

Unsecuritized loans underwritten to the standards consistent with Freddie Mac Multifamily line of business

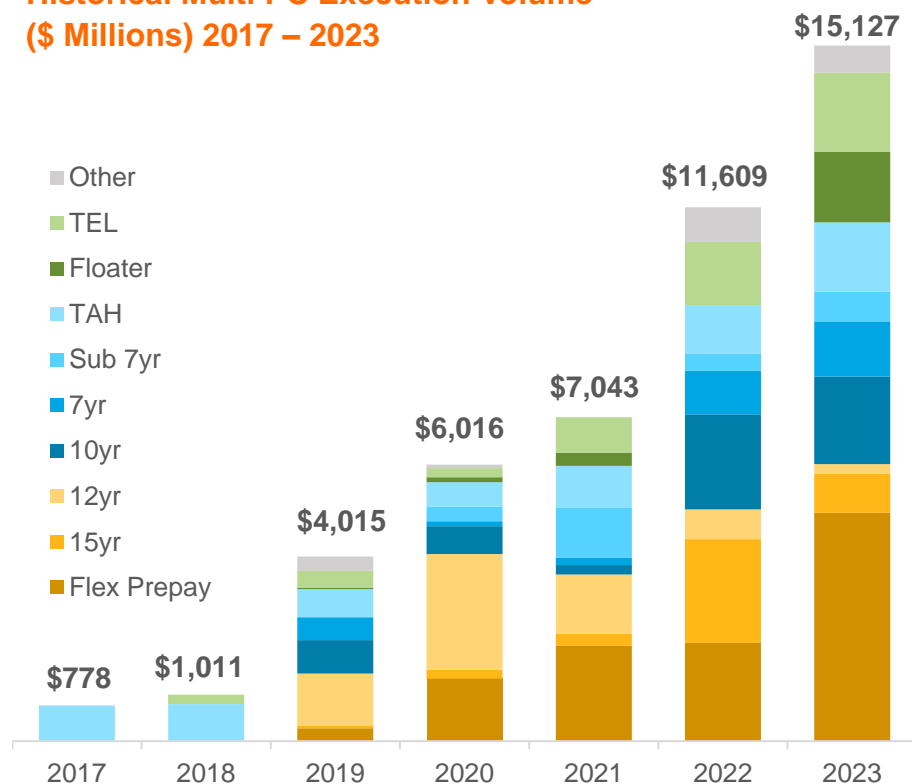
MSCR CRT Transaction Evolution

Category	MSCR 2023-MN7	MSCR 2023-MN6	MSCR 2022-MN5	MSCR 2022-MN4	MSCR 2021-MN3	MSCR 2021-MN2	MSCR 2021-MN1
Number of Loans	350	357	231	257	270	40	302
Pool Cut-off Date Balance	\$8.2B	\$7.6B	\$5.5B	\$6.0B	\$5.6B	\$4.1B	\$4.9B
Average Loan Balance	\$24M	\$21M	\$24M	\$23M	\$21M	\$102M	\$16M
Top 10 Assets as % of Pool	17.5%	17.2%	22.4%	21.1%	20.0%	75.6%	19.3%
WA Cut-off Date LTV	59.0%	56.1%	59.7%	65.8%	67.2%	60.4%	67.2%
WA Underwritten DCR	1.35x	1.36x	1.54x	1.49x	1.78x	2.21x	1.77x
Conventional / Targeted Affordable Percentage	71% / 29%	73% / 27%	76% / 24%	73% / 27%	69% / 31%	9% / 91%	73% / 27%
Collateral Type	PC, K- & Portfolio Loans	PC, K- & Portfolio Loans	PC	PC	PC	BCE & PC	PC
Top 3 States	TX – 22% CA – 13% FL – 12%	TX – 14% NY – 12% FL – 12%	CA – 16% TX – 14% OH – 6%	TX – 13% NJ – 10% CA – 10%	CA – 19% TX – 11% FL – 8%	NY – 89% CA – 6% IL – 3%	NY – 13% CA – 10% MD – 9%
Attachment / Detachment	1.00% / 5.50%	1.00% / 5.00%	1.00% / 6.75%	0.75% / 6.75%	0.75% / 6.75%	1.50% / 7.50%	1.50% / 7.50%
Number of Offered Tranches	3	2	1	3	3	3	3
Companion Deal	Yes	Yes	Yes	Yes	No	No	No

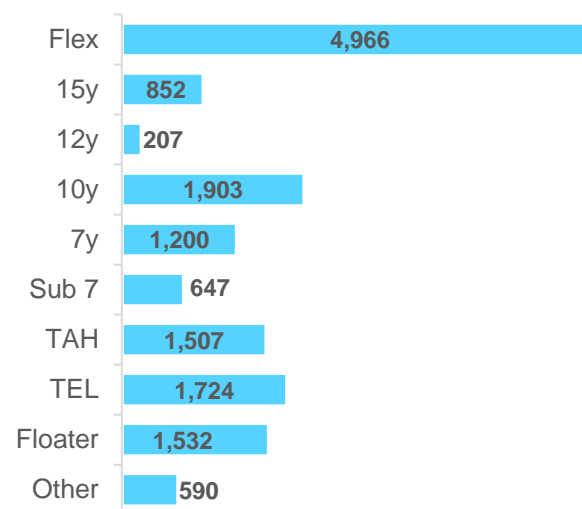
The three legacy SCR transactions (SCR 2016-MDN1, SCR 2016-MDN2 and SCR 2017-MDN3) have been omitted from the table above

Strategic Growth of Our Multi PC Securitizations Created the Need for MSCR

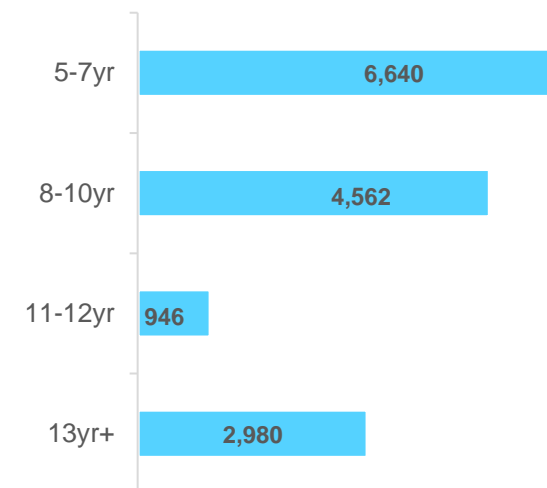
**Historical Multi PC Execution Volume
(\$ Millions) 2017 – 2023**



**Issuance Volume by
Loan Product (\$ Millions)***



**Collateral UPB by
Loan Terms (\$ Millions)***



Multi PCs are frequently utilized with the following loan programs:

- 12-year / 15-year term
- Flexible prepay
- Declining prepayment premium
- Tax-exempt loans
- Sub 7-year
- Targeted Affordable Housing (TAH; immediate funding and forwards)
- Low leverage low spread

* Issuance Volume and Collateral UPB for Multi PCs issued from 1/1/2023 to 12/31/2023

Underwriting and Credit

Our credit policy and consistent underwriting practices are among the main drivers of the strong performance of Freddie Mac Multifamily offerings

Credit Philosophy

Freddie Mac makes all credit, structuring and pricing decisions working with our lenders during all aspects of the origination process. We are focused on:

- Sustainable cash flow
- Market knowledge & fundamentals
- Equity
- Definable exit strategy
- Sponsorship
- Investment quality real estate collateral

General Guidelines

- Properties generally need to demonstrate stabilized occupancy rates of 90%+
- For Conventional fixed-rate loans, loan-to-value (LTV) ratios must not exceed 80% and minimum debt service coverage ratio (DSCR) of 1.25x applies (for specially approved loans, greater than or equal to 1.20x)
- For Conventional floating-rate loans, LTV ratios must not exceed 80% and minimum DSCR of 1.00x on the max capped interest rate
- For TAH Loans, LTV ratios must not exceed 90% and minimum DSCR of 1.15x applies
- For Small Balance Loans (SBL), LTV ratios must not exceed 80% and a minimum DSCR of 1.25x (for Top SBL Markets, greater than or equal to 1.20x)
- Adjustments are made to LTV and DSCR for factors such as shorter loan terms, select product types and asset-specific credit factors
- Same underwriting standards are applied to loans intended for Multi PCs, BCEs, K-Deals

Sample MSCR Trust Structure

Reference Pool: Comprises primarily loans

- Backing Freddie Mac Multi PCs and other fully guaranteed certificates
- Underlying BCE products
- From Freddie Mac retained portfolio

Issuance Type:

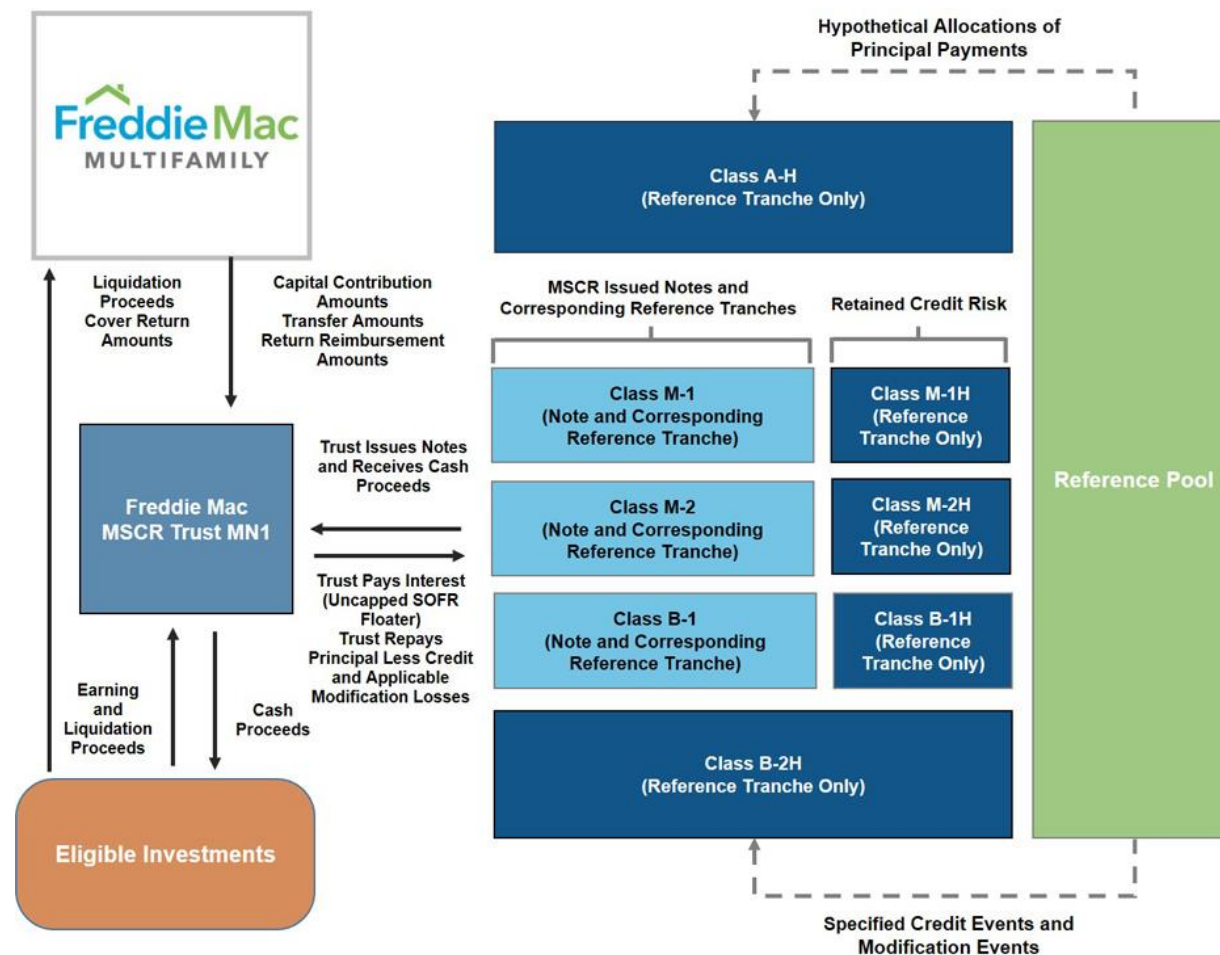
- Deal issued in Trust form
- Private Offering 144A for Qualified Institutional Buyers

Key Structural Features:

- Actual Loss: Performance based on actual delinquency and principal payment experience on the reference pool
- First-Loss Retention: Freddie Mac retains a first-loss position
- Freddie Mac retains at least a 5% vertical slice of offered tranches to align our interest with investors

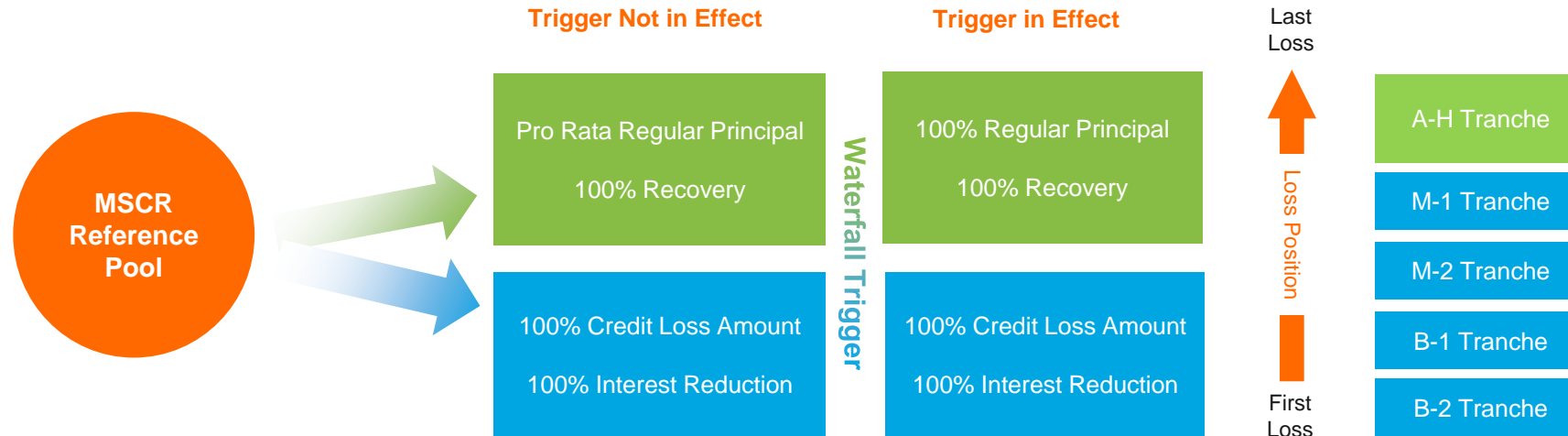
Floating-Rate Coupon:

- 30-day SOFR Average Index¹
- Rate determined two business days prior to the start of the Accrual Period



¹ The applicable SOFR average is published on or about 2:30 p.m. (New York City time) on the New York Federal Reserve Bank's website

Deal Subordination and Waterfall Trigger



Waterfall Triggers (in effect when either test fails)

Minimum Credit Enhancement Test: A test that will be satisfied if the Subordinate Percentage is greater than or equal to minimum credit enhancement level

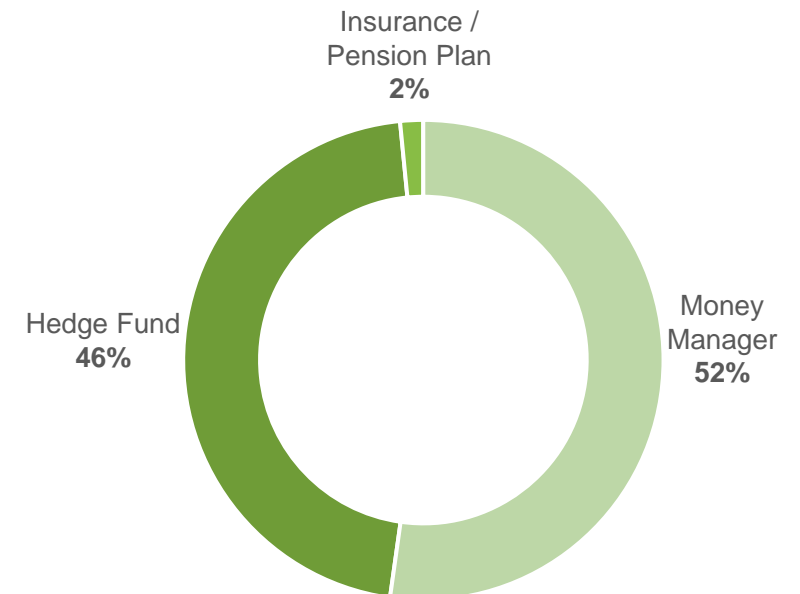
Delinquency Test: With respect to any Payment Date, means a test that will be satisfied if: (a) the sum of the Distressed Principal Balance for the current Payment Date and each of the preceding two Payment Dates, divided by three or, in the case of any Payment Date prior to the third Payment Date after the Closing Date, the sum of the Distressed Principal Balance for the current Payment Date and each of the preceding Payment Dates, divided by the number of Payment Dates since the Closing Date, is less than (b) 40% of the amount by which (i) the product of (x) the Subordinate Percentage and (y) the aggregate UPB of the Reference Obligations as of the preceding Payment Date; exceeds (ii) the Principal Loss Amount for the current Payment Date.

2023 MSCR Transaction Highlights

2023-MN7 Deal Structure

Tranche	Initial CE (bps)	Class Balance (\$)	Pricing Spread (bps)	Early Redemption ¹		Maturity ¹	
				WAL (years)	Principal Window	WAL (years)	Principal Window
A-H	550	\$7,771,781,336		6.7	1-96	8.2	1-240
M-1	350	\$65,792,000	SOFR + 360	5.0	1-77	5.0	1-77
M-1H	350	\$98,690,145		5.0	1-77	5.0	1-77
M-2	200	\$67,848,000	SOFR + 570	7.3	77-96	7.9	77-115
M-2H	200	\$55,513,609		7.3	77-96	7.9	77-115
B-1	100	\$65,792,000	SOFR + 885	8.0	96-96	9.7	115-118
B-1H	100	\$16,449,072		8.0	96-96	9.7	115-118
B-2H	0	\$82,241,072		8.0	96-96	13.8	118-240
Total (Offered)		\$199,432,000					

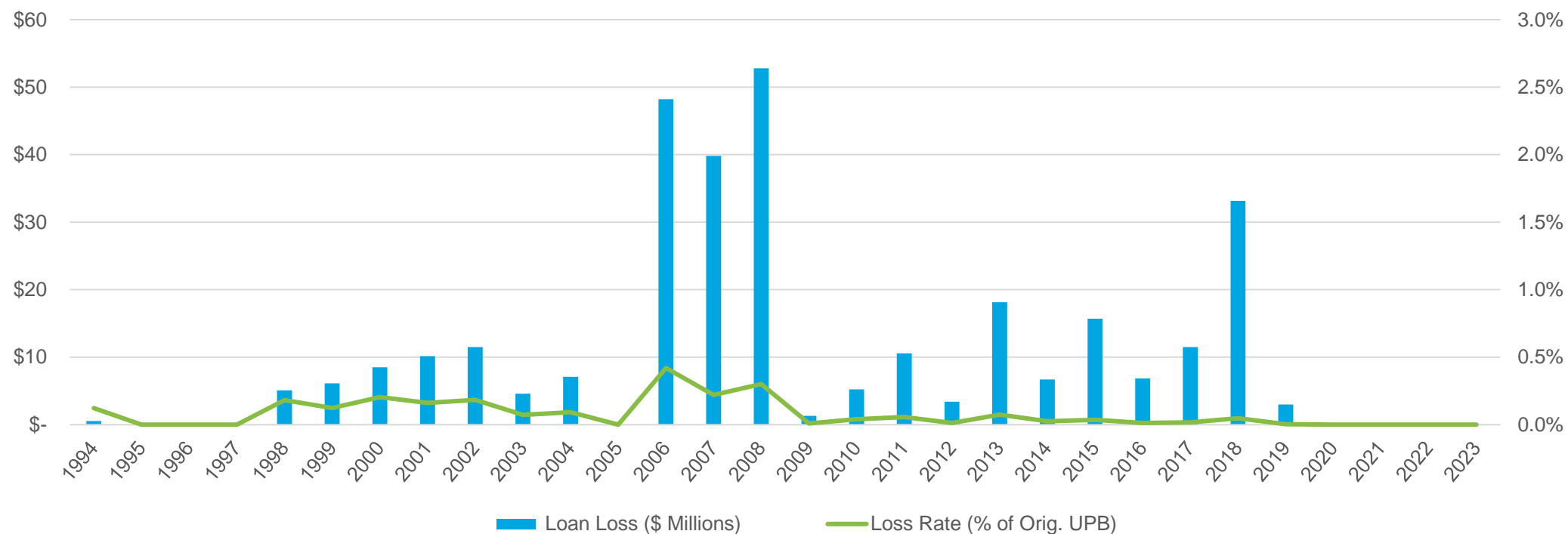
Breakdown of Investors (by total \$UPB since inception)



¹ Based on final reference pool, zero conditional prepayment rate scenario

Historical Freddie Mac Multifamily Loan Performance¹

Realized Loss Comparison by Acquisition Year (1994 – 2023)



¹ The MLPD provides historical information on a subset of the Freddie Mac multifamily loan portfolio. The MLPD comprises information regarding certain multifamily whole loan, K-Deal and SB-Deal loans. It excludes loans that are credit revolvers, sold book (pre-1994) loans, and negotiated transactions/structured deals and K001 and K002. Data as of 12/31/2023

Loan Performance Resources at Your Fingertips

Performance data for our MSCR Notes is updated monthly at <https://mf.freddiemac.com/investors/data.html>

MSCR Performance

Performance through December 2023

COMBINED ISSUANCE	DEALS	LOANS	PAID OFF LOANS
\$40.71 B	7	1,806 original loan count	45
DELINQUENCY STATUS	AGGREGATE LOSSES	LOANS IN SPECIAL SERVICING	UNPAID BALANCE ON WATCHLIST*
0.1%	\$0 M	0	8.1%



[View the MSCR Performance Presentation](#) 

Loan level performance can be accessed in our [Multifamily Securities Investor Access](#) tool

Historical information about our Whole Loan Portfolio is available in the [Multifamily Loan Performance Database](#)

Multifamily Loan Performance Database

This database provides historical information on a subset of the Freddie Mac Multifamily Whole Loan Portfolio since 1994. It also includes information on original loan terms; identifiers for prepaid loans, defaulted loans and delinquencies; property information; and dates of real estate owned (REO) sales.

If you want to use the data for commercial redistribution, please follow the instructions in the Licensing Agreement for Using the Multifamily Loan Performance Database below.

[Overview and Data Dictionary](#) 

[Loan Performance Dataset](#) 

[Dataset Loss Summary](#) 

[Licensing Agreement for Using the Multifamily Loan Performance Database](#) 

Freddie Mac maintains a watchlist for the Multi PCs. Loans are added to and removed from the watchlist in accordance with criteria established by CREFC. Performance data does not include MSCR SN notes.

Structured Credit Risk Notes (MSCR Notes) © Freddie Mac Multifamily

Additional Resources

Stay Up to Date with Our Investor Resources

Securitization Overview - https://mf.freddiemac.com/docs/mf_securitization_investor-presentation.pdf

Multi PC Investor Presentation - https://mf.freddiemac.com/docs/pc_investor_presentation.pdf

K-Deal 100% Guaranteed Handout - <https://mf.freddiemac.com/docs/k-deal-100-guaranteed-rated-handout.pdf>

Multi PC Performance Data - https://mf.freddiemac.com/docs/multi_pc_performance.pdf

Multifamily Securities Pricing - <https://mf.freddiemac.com/investors/multifamily-securities-pricing>

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Multifamily Research

2024 Multifamily Outlook



The Freddie Mac Multifamily Apartment Investment Market Index® (AIMI®) can help you determine how the relative value of investing in multifamily properties in select major metros, and nationally, has changed over time.

Learn more at <https://mf.freddiemac.com/aimi/>

For additional information, please contact: MF_CM_InvestorRelations@freddiemac.com or visit our website at mf.freddiemac.com

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