

Freddie Mac Multifamily Participation Certificates (PCs) Overview

As of December 2017



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Multi PCs Program Overview

Freddie Mac Multifamily issues 55-day PCs called Multi PCs

- Freddie Mac has been issuing 45-day and 75-day Multifamily participation certificates (PCs) since the early 1980s.
- Freddie Mac started issuing 55-day Multifamily PCs (Multi PCs) in July 2014
- Currently we do not offer any new 45-day or 75-day Multifamily PCs. Fixed-rate 55-day Multi PCs align more with our investors' needs
- Freddie Mac started issuing TEL Multi PCs in December 2017; TEL Multi PCs are backed by tax-exempt loans (TELS)
- All fixed-rate Multi PCs offer the Freddie Mac guarantee of timely payment of interest and scheduled principal
- Most Multi PCs have a high level of prepayment protection
- Multi PCs are backed by mortgages that are secured by structures with five or more units, principally for residential use, with terms generally ranging from five to 50 years

Multi PCs Program Overview

Multi PCs are attractive investment vehicles

- Unlike our older 45-day and 75-day Multifamily PCs, 55-day Multi PCs have a delay day convention similar to K Certificates and Fannie Mae DUS bonds
- Most Multi PCs are secured by mortgages that have low credit risk, longer term, and/or affordable components
- Generally, Multi PCs are secured by a single multifamily mortgage
- Some of the mortgages backing Multi PCs can bring highly sought-after Community Reinvestment Act (CRA) credits
- Currently, Freddie Mac only offers fixed-rate Multi PCs; we intend to offer floating-rate Multi PCs in the near future

Multi PCs Collateral Requirements

Multi PCs are backed by high quality collateral

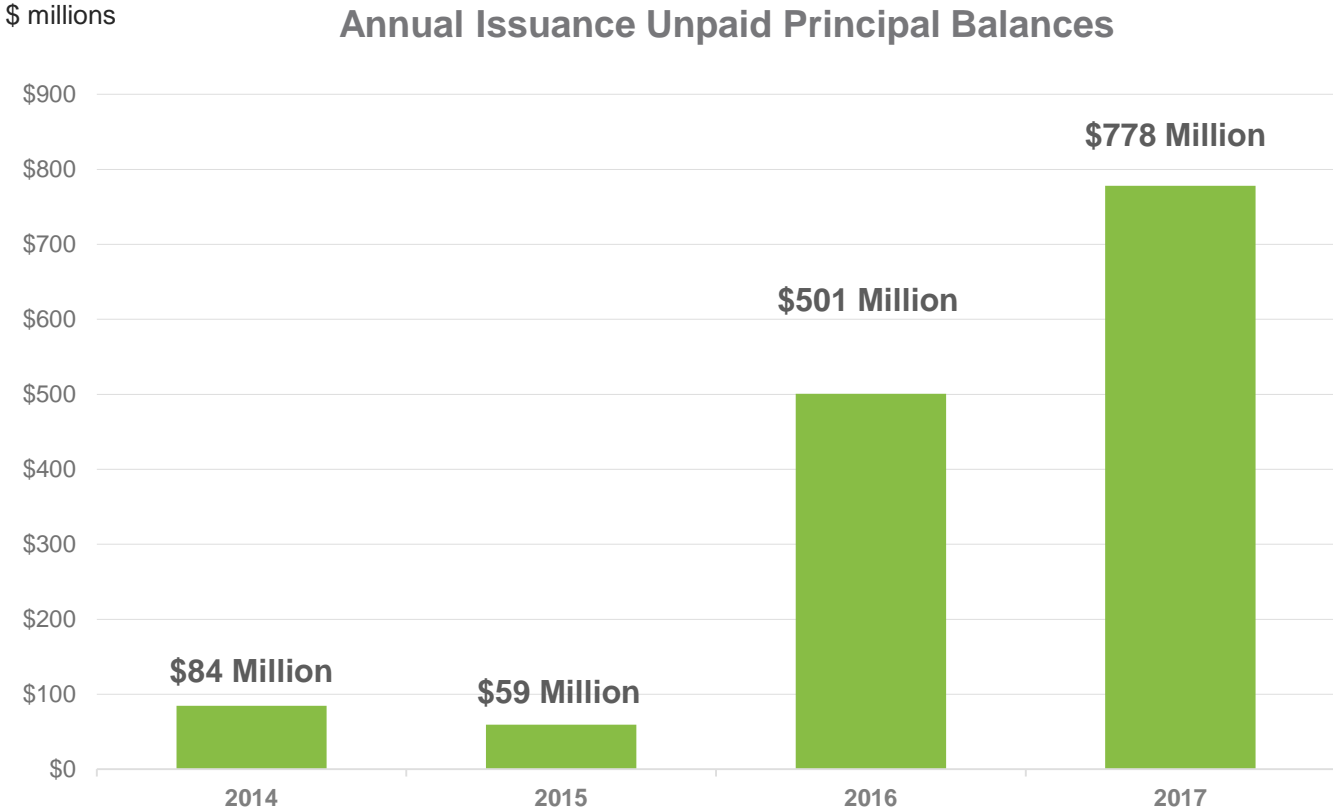
- During the underwriting process, properties must have occupancy rates of at least 90% for the three months prior to the loan closing and as of the loan closing date
- For conventional loans, debt coverage ratio (DCR) must be at least 1.25x for the first mortgage and 1.15x for the first mortgage and any subordinate mortgages combined
- For conventional loans, loan-to-value (LTV) ratios must not exceed 80% for the first mortgage and 85% for the first and any subordinate mortgages combined
- For Target Affordable Housing (TAH) loans, the DCR and LTV may be outside of the limits for regular loans
- Loans typically have at least three years of remaining term to maturity

Comparison of Multi PCs to K Certificates and DUS

		Multi PCs	K Certificates	Fannie Mae DUS
Collateral	Issuance Size	Flexible	Mostly Over \$1 Billion	Flexible
	Pool Composition	Mostly Single Mortgage	Mostly Pool	Mostly Single Mortgage
	Underwriting	Freddie Mac	Freddie Mac	Mortgage Lenders
Structure	Tranches	Single	Multiple	Single
	Interest-Only Strip	No	Yes	No
	Subordination	No	Yes	No
	REMIC	No	Yes	No
Issuance	Marketing	Mostly Auction	Syndicate	Mostly Auction
	Settlement Method	Federal Reserve	DTC	Federal Reserve
Servicing	Servicing	Freddie Mac	Third-party Master Servicer	Fannie Mae
	Guarantee	Whole Security	Senior Certificates Only	Whole Security

Multi PCs are similar to Fannie Mae's DUS bonds and complement to K Certificates, both of which enjoy wide market acceptance.

Multi PCs Issuance Volume



Multi PC program has grown considerably since its inception.

Multi PCs — Sample Deal Characteristics

PC Identifier	Settlement Date	Issuance Unpaid Balance (\$ Millions)	Day Count	PC Coupon	Amortization Term	Balloon Term	Original Interest-Only Term	Loan Age	Cut-off LTV	DCR
WA0002	3/24/2015	\$17.2	Actual/360	2.70	360	120	0	26	54%	1.52
WA0201	7/27/2015	\$11.3	Actual/360	3.20	360	180	0	24	15%	6.20
WA2201	5/27/2016	\$4.6	Actual/360	3.32	360	180	0	11	59%	1.56
WA3201	5/27/2016	\$11.3	Actual/360	3.10	420	192	0	20	61%	1.19
WA0203	7/19/2016	\$316.0	Actual/360	3.04	360	180	0	21	72%	1.37
WA1601	7/25/2016	\$11.0	Actual/360	2.44	360	120	0	4	68%	1.55
WA4401	9/23/2016	\$16.7	Actual/360	2.00	360	84	0	12	77%	1.39
WA3401	9/30/2016	\$4.1	Actual/360	2.64	420	216	0	15	62%	1.42
WA3101	10/25/2016	\$5.5	Actual/360	2.76	420	180	0	3	66%	1.16
WA4601	10/25/2016	\$34.3	Actual/360	2.93	324	216	0	14	67%	1.17
WA2901	2/28/2017	\$4.1	Actual/360	3.45	300	180	0	37	50%	2.19
WA2801	3/17/2017	\$18.4	Actual/360	3.49	240	240	0	41	12%	4.44
WN0001	3/24/2017	\$12.4	Actual/360	3.65	420	192	24	35	72%	1.22
WN0005	3/31/2017	\$14.1	Actual/360	3.55	420	216	24	17	83%	1.40

Multi PCs Issuance Calendar

First and Second Quarter of 2018

JANUARY					FEBRUARY					MARCH				
M	T	W	TH	F	M	T	W	TH	F	M	T	W	TH	F
H	2	3	4	5				1	2				1	2
8	9	10	11	12	5	6	7	8	9	5	6	7	8	9
H	A	17	18	19	A	13	14	15	16	A	13	14	15	16
A	23	24	25	26	H	A	21	22	23	A	20	21	22	23
29	30	31			26	27	28			A	27	28	29	30

APRIL					MAY					JUNE				
M	T	W	TH	F	M	T	W	TH	F	M	T	W	TH	F
2	3	4	5	6		1	2	3	4					1
9	10	11	12	13	7	8	9	10	11	4	5	6	7	8
A	17	18	19	20	A	15	16	17	18	A	12	13	14	15
A	24	25	26	27	A	22	23	24	25	A	19	20	21	22
30					H	29	30	31		A	26	27	28	29

CALENDAR KEY

- A OPTIONAL ANNOUNCEMENT WEEK
- H = U.S. HOLIDAY

* Each announcement may be associated with one or more multifamily participation certificates issuances.



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