

Q-Deals: Third-Party Loan Securitizations



Q-Deals are third-party loan securitizations designed to provide liquidity to small financial institutions (the “sponsor”) so they can recycle capital and support affordable housing with new lending. Through our Q-Deal program, we convert illiquid loans into marketable Freddie Mac guaranteed securities (“Q Series Certificates”) which can either be sold or retained by the sponsor

Sponsor

Small financial institutions, community banks with \$10 billion or less in assets, and other well capitalized financial institutions on a case-by-case basis

Deal Size

Optimal loan pool size of at least \$200 million in aggregate unpaid principal balance (UPB). Individual sponsor loan contributions can be smaller in a Multi-Sponsor Q-Deal securitization

Deal Collateral

Taxable multifamily mortgage loans including but not limited to:

- Conventional and small balance loans
- Loans secured by properties with 9% Low-Income Housing Tax Credits (LIHTC) or Land Use Restrictive Agreements (LURAs)
- Rehab loans for properties with renters that qualify at 60% or 80% area median income

Freddie Mac Guarantee

Q Series Certificates are liquid securities which benefit from Freddie Mac guarantee. Freddie Mac guarantees the timely payment of interest and ultimate payment of principal on the guaranteed senior certificates

Benefits

- Customizable structure
- Converting third-party loans into Q Series Certificates
- Freddie Mac guarantees payment of interest and principal on senior securities
- Access to efficient capital markets funding

We Help You

- Manage your balance sheet
- Monetize your portfolio
- Increase liquidity
- Optimize reserve requirements
- Maintain relationships

Flexibility

We offer several customizable structures

The Sponsor sells loans from their balance sheet in exchange for Certificates via the following structures:

Senior and Subordinate (A/B) Structure

Senior, guaranteed certificates (Class A) with subordinate certificates (Class B) are issued by the trust.

The Class B can be retained by the sponsor or sold to an approved third party investor.

100% Guarantee with Reimbursement Structure

Only guaranteed certificates are issued by the trust. Sponsor retains a first-loss position through a reimbursement obligation.

A reimbursement agreement between sponsor and Freddie Mac is required for any losses up to a certain percentage of the pool's UPB. This may be secured via a letter of credit, cash or pledged securities (rated and marked to market)

Multi-Sponsor Q (A/B Structure Only)

Qualified pools of the similar collateral from multiple sponsors will be sold into a single third-party securitization trust.

Single senior, guaranteed certificates (Class A) with one or more subordinate certificates (Class B).

The Class B certificates can be retained by the sponsor or sold to a third party investor.

Servicing

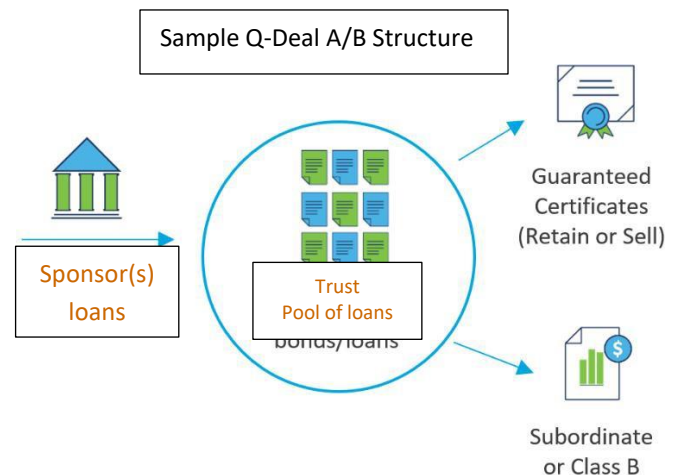
Freddie Mac (or Freddie Mac-approved third party) will act as the Master Servicer. With Freddie Mac approval, sponsors may retain subservicing of the loans

Reps and Warranties

Sponsors must provide loan-level representations and warranties to the securitization trust

Collateral Due Diligence

Freddie Mac will be entitled to conduct a full underwriting and due diligence review of all the loans, including interior and exterior physical inspections, borrower and guarantor credit, property financials and rent rolls, environmental, compliance, valuation, and collateral files and servicing files. Freddie Mac will determine which loans will be securitized based on its review



For more information, please contact:

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