



PRODUCT SNAPSHOT

Tax-Exempt Bond Securitization

Securitization for Tax-Exempt Bondholders

For tax-exempt bondholders (Sponsors) in the multifamily affordable housing market, we provide liquidity via the efficiencies of our securitization platform. Through our Tax-Exempt Bond Securitization (TEBS) program, the Sponsor transfers portfolios of unrated bonds to Freddie Mac in exchange for certain rated M-class certificates.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our OptigoSM network of Seller/Service providers to tackle complicated transactions, provide certainty of execution and fund quickly.

Contact your Freddie Mac Multifamily representative today — we're here to help.

Borrowers Who Want to Know More

Contact one of our Optigo Seller/Service providers at mf.freddiemac.com/borrowers/

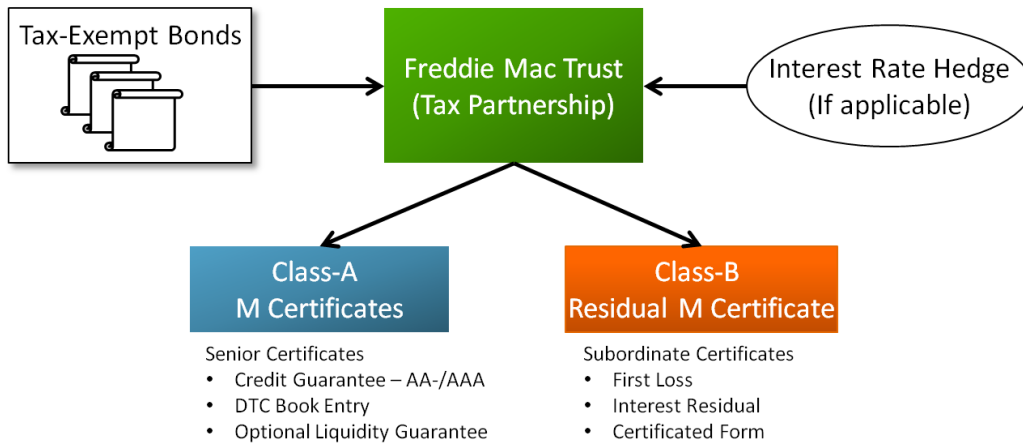
- Balance sheet management
- Improved yields
- Reduction of risk
- Enhanced liquidity

Eligible Sponsors	Freddie Mac Multifamily Optigo Targeted Affordable Housing Seller/Serviceers and other well-capitalized financial institutions on a case-by-case basis
Eligible Property Types	Multifamily properties; all assets will be underwritten by Freddie Mac
Product Description	<p>The TEBS structure is a proprietary execution offered by Freddie Mac through which a Sponsor transfers privately placed tax-exempt multifamily housing revenue bonds (and possibly related taxable bonds or loans) to Freddie Mac in exchange for:</p> <ul style="list-style-type: none"> ▪ Freddie Mac senior Class-A M Certificates that are generally sold to investors and ▪ Subordinate Class-B M Certificates that are generally retained by the Sponsor. <p>Freddie Mac’s Class-A M Certificates are fully guaranteed tax-exempt or taxable securities supported by pools of unenhanced tax-exempt multifamily housing revenue bonds or related taxable bonds or loans. In the event that the senior Class-A M Certificates bear interest at a variable rate, Freddie Mac may also provide a liquidity facility in the form of a guarantee of the purchase price of the senior Class-A certificates if tendered for purchase by an investor.</p>
Amount	Generally, ≥ \$100 million
Benefits to Sponsor	<ul style="list-style-type: none"> ▪ Balance Sheet Management – reduce concentration of Multifamily assets ▪ Capital Management – risk capped at Class-B M Certificate amount (if retained by Sponsor) ▪ Profitability – enhanced yields through retention of Class-B M Certificates ▪ Monetization – Class-A M Certificates sold to investors for cash
Subordination Level (Size of B Piece)	On average 15% of total pool size, but can vary based on collateral quality and Sponsor needs
Minimum Debt Coverage Ratio/Maximum Loan-To-Value Ratio (of each asset)	1.05x / 95% per Freddie Mac underwriting

<p>Documentation/Due Diligence Required During Freddie Mac Underwriting</p> <p>(Complete list of documentation available in TEBS Underwriting Checklist, provided upon request)</p>	<ul style="list-style-type: none"> ▪ Appraisal or market study for each property ▪ Current rent roll of each property ▪ Current and historical financial statements of each property ▪ Sponsor organizational documents ▪ Ground lease information (if applicable) ▪ HAP contracts and amendments (if applicable) ▪ LURA or Regulatory Agreement 	<ul style="list-style-type: none"> ▪ Evidence of tax credits awarded or tax credit application ▪ As-built surveys ▪ Title policy ▪ Bond amortization schedules ▪ Insurance review ▪ Seismic reports (if applicable) ▪ Terms of subordinate debt (if applicable)
<p>Upfront Fees (Approximately 50 bps for a \$100 million transaction)</p>	<ul style="list-style-type: none"> ▪ Underwriting fees ▪ Legal fees ▪ Execution fees ▪ Tax Opinion fee 	<ul style="list-style-type: none"> ▪ Modeling fee ▪ Rating agency fee ▪ Liquidity facility fee (if applicable)
<p>Ongoing Fees (Based on underlying collateral and subordination level)</p>	<ul style="list-style-type: none"> ▪ Freddie Mac guarantee fee ▪ Servicing fee ▪ Remarketing agent fee (if Class-A M Certificates are variable-rate certificates) ▪ Liquidity facility fee (if Class-A M Certificates are variable-rate certificates) 	
<p>Liquidity Facility Options</p>	<p>In the event that the senior Class-A M Certificates bear interest at a variable rate, Freddie Mac may also provide a liquidity facility</p>	
<p>Hedging</p>	<p>If the Class-A M Certificates are variable-rate certificates, the Sponsor must purchase an interest rate hedge acceptable to Freddie Mac from an approved Freddie Mac counterparty</p>	

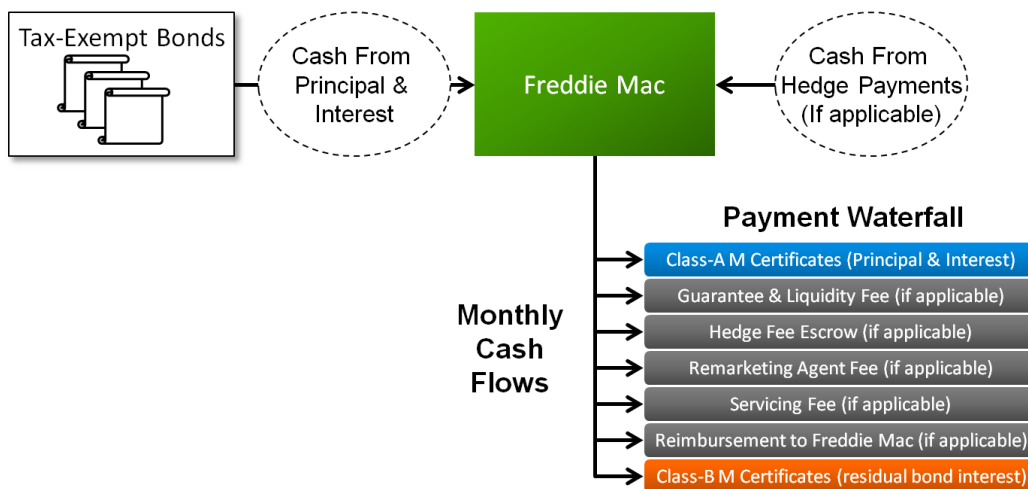
How TEBS Works

- Sponsor delivers bonds to Freddie Mac, which are registered in the name of Freddie Mac.
- Freddie Mac delivers rated Class-A and unrated Class-B M Certificates to the Sponsor.



- Class-A M Certificates are marketed and sold to investors; Freddie Mac guarantees the payment of scheduled principal on the bonds and all interest on the Class-A M Certificates.
- Class-B M Certificates are issued to and held by Sponsor. Monthly interest payments on the Class-B M Certificates are made on a subordinate “if available” basis only after all Class-A M Certificate interest and ongoing fees have been paid in full, and after Freddie Mac has been reimbursed for all amounts then due under the Reimbursement Agreement.

Note: The most common structure has been detailed above. The Class A and Class B Certificates can be retained by the Sponsor or both sold to investors.



For More Information

Contact Your Representative

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