

Resources for UK Institutional Investors

The information in this section is intended to support existing and prospective investors in Multifamily Structured Credit Risk Notes (MSCR) securities who are regulated in the UK and are “institutional investors” (“UK institutional investors”) under the securitisation sourcebook of the handbook published by the UK’s Financial Conduct Authority, the securitisation part of the rulebook published by the Prudential Regulation Authority of the Bank of England or the Securitisation Regulations 2024 (SI 2024/102) (together, the “UK Securitisation Framework”) by mapping MSCR securities’ disclosed information to multiple sections of the due diligence requirements.

LEGAL NOTICE

Institutional investors should be aware that Freddie Mac makes no representation or warranty concerning the accuracy or completeness of the information set forth herein as it relates to the due diligence requirements under the UK Securitisation Framework or otherwise. An institutional investor must conduct its own independent review and make its own assessment of the completeness of the information set forth herein with respect to the due diligence obligations set forth in the UK Securitisation Framework. Institutional investors should consult legal, tax and accounting advisors for assistance in assessing the information set forth herein and concluding that the due diligence obligations under the UK Securitisation Framework have been satisfied.

Furthermore, the UK Securitisation Framework or the interpretation or application thereof may change in the future, and such change may affect the regulatory position of UK institutional investors in relation to MSCR securities. UK institutional investors should continue to evaluate any such changes, if applicable, and determine any future course of action, if necessary.

The following information may be relevant to UK institutional investors for the purpose of their compliance with the requirements of the UK Securitisation Framework.

Verification regarding Credit Granting

- Freddie Mac determines and applies various requirements and limitations to the loans it purchases. Additionally, it sets guidelines for lenders from whom Freddie Mac will purchase loans and monitors compliance for such specifications. Information about most of our underwriting and servicing requirements can be accessed through Freddie Mac’s Multifamily Seller/Servicer Guide.
 - Loan servicing and acquisition standards for a transaction can be found in Appendix E of its Private Placement Memorandum, a copy of which is available under the Legal Documentation tab on the website for Multifamily investors.
 - The MSCR reference obligations must meet eligibility criteria, including certain loan-to-value thresholds, and must have no underwriting or servicing defects. Additionally, in order to ensure that the loans we purchase satisfy Freddie Mac’s standards, we conduct internal periodic quality control reviews.
 - An overview of Freddie Mac’s MSCR program can be found in our MSCR Investor Presentation which can be found on the website for Multifamily investors.
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Verification of Risk Retention

- To align the interests of Freddie Mac and its investors, Freddie Mac retains at least 5% of every tranche of an MSCR transaction. Freddie Mac executes a risk retention letter at the closing of a transaction stating that it will hold on an ongoing basis at least 5% of every tranche. Please see the Risk Retention Letter available under the Legal Documentation tab on the website for Multifamily investors.

Verification of Information Disclosure

- For each MSCR transaction, Freddie Mac provides a loan-level file at the moment of issuance, as well as current monthly data. Users can access data files under Multifamily Securities Investor Access on the website for Multifamily investors.
- Documentation for an MSCR transaction can be found under the Legal Documentation tab on the website for Multifamily investors.
- With the intention of assisting UK institutional investors to comply with this requirement, Freddie Mac provides a mapping file that links MSCR data fields in the investor reports provided in relation to the transaction with the reporting fields in the template set out in Annex III (Underlying Exposures Information – Commercial Real Estate) to Commission Delegated Regulation (EU) 2020/1224 for reporting asset-level information for loans for the purpose of acquiring commercial real estate or secured by commercial real estate. Download Freddie Mac – MSCR to ESMA mapping file: [Excel](#) or [PDF](#)

Due Diligence Assessment

The risk factors associated with a transaction are disclosed in the “Risk Factors” section of its Private Placement Memorandum, which is available under the Legal Documentation tab on the website for Multifamily investors.

- Information exhibiting the sensitivity of yields and other variables to different pre-payment simulations, credit events, or write-down amounts are disclosed in the “Prepayment and Yield Considerations” section of the Private Placement Memorandum, a copy of which is available under the Legal Documentation tab on the website for Multifamily investors.
- The detailed structure of each MSCR security, including deal characteristics such as payment priority, credit support and delinquency triggers, definition of loss, credit events is described in the “Description of the Notes” section of the Private Placement Memorandum. A copy of the Private Placement Memorandum is available under the Legal Documentation tab on the website for Multifamily investors.

Monitoring and Stress Testing

- Freddie Mac makes available an extensive Multifamily [Loan Performance Database](#). This provides information regarding the loans in Freddie Mac’s portfolio and may help investors build more accurate credit performance model in support of ongoing risk sharing initiative.
 - Freddie Mac does not perform stress tests on cash flows, and collateral values are not provided by Freddie Mac publicly. Nevertheless, loan and deal level data sets are available for third-party
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vendors. Cash flow, credit and pre-payment analytics are supported by Bloomberg and IntexCalc, among others.

- A number of brokers/dealers are able to assist investors with any analytical and modeling requirements.
- Information exhibiting the sensitivity of yields and other variables to different pre-payment simulations, credit events, or write-down amounts are presented in the “Prepayment and Yield Considerations” section of the Private Placement Memorandum. A copy of the Private Placement Memorandum is available under the Legal Documentation tab on the website for Multifamily investors.
- The equivalent information requirements under the UK Securitisation Framework require that sufficient information is made available to enable the institutional investor independently to assess the risks of holding the securitisation position, and that there is a commitment to make such information available on an ongoing basis. Where none of the originator, sponsor and issuer are established in the UK, the UK Securitisation Framework provides that adequacy of information is based on sufficiency to enable independent assessment rather than prescribed templates.

Simple-Transparent-Standardized (STS)

A securitization is eligible for designation as an STS securitisation under the UK Securitisation Framework only if the originator and sponsor of such securitization is established in the United Kingdom. Freddie Mac and the SSPE for each MSCR transaction are established in the United States. Therefore, MSCR transactions are not eligible for designation as STS securitisations under the UK Securitisation Framework.

* PLEASE NOTE: References to third-parties, including vendors, are provided for information only; Freddie Mac does not specifically endorse any third-parties or their products/services. Freddie Mac is not responsible for the content or accuracy of external third-party websites.
