

Multifamily Social Bonds Program Overview

We confront persistent affordable and workforce housing challenges through innovative thinking that helps expand access to housing by involving all areas of financing. To increase our impact and attract capital to support social impact initiatives, we introduced Social Bonds in 2020 to target opportunities that go deeper into our mission of sustaining affordable housing.

Our Social Bonds go beyond affordability by:



(a) **financing housing for Targeted Populations** considered to be among the most vulnerable; or



(b) **providing liquidity to Social Impact Institutions** with a distinct mission of addressing housing affordability challenges

Multifamily Social Bonds Framework

The Freddie Mac Multifamily [Social Bonds Framework](#) aligns with the four core components of the International Capital Markets Association's [Social Bond Principles](#) and focuses on our use of proceeds, the process for project evaluation and selection, the management of proceeds, and transparency through regular reporting.



Our use of proceeds



The process for project evaluation and selection



The management of proceeds



Transparency through regular reporting

Second Opinion by Sustainalytics



Freddie Mac engaged an independent third party, Sustainalytics, to evaluate our Social Bonds Framework. This opinion is published on the Freddie Mac Multifamily [website](#) and is also available in applicable offering documents.

Multifamily Impact Bonds Report

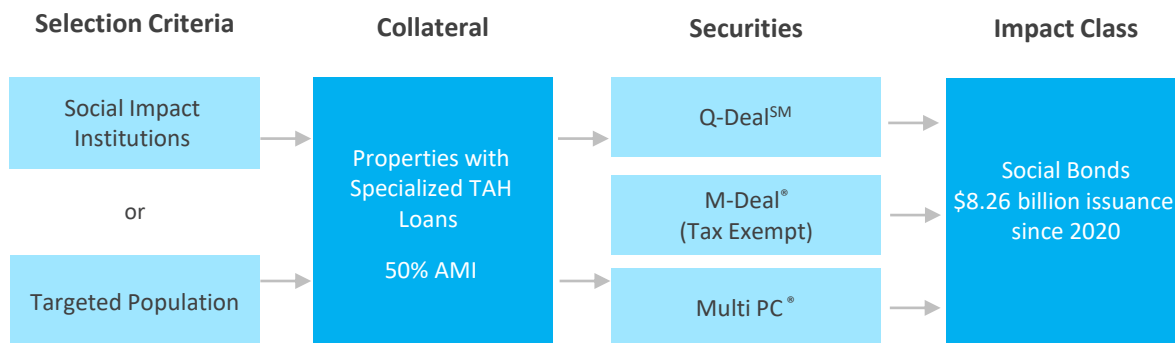


In accordance with our Social Bonds Framework, we publish an annual [Impact Bonds Report](#). The report highlights each of the Impact Bonds as well as many additional details about our corporate sustainability strategy and our community partnerships that are helping to benefit our investors, tenants and property owners.

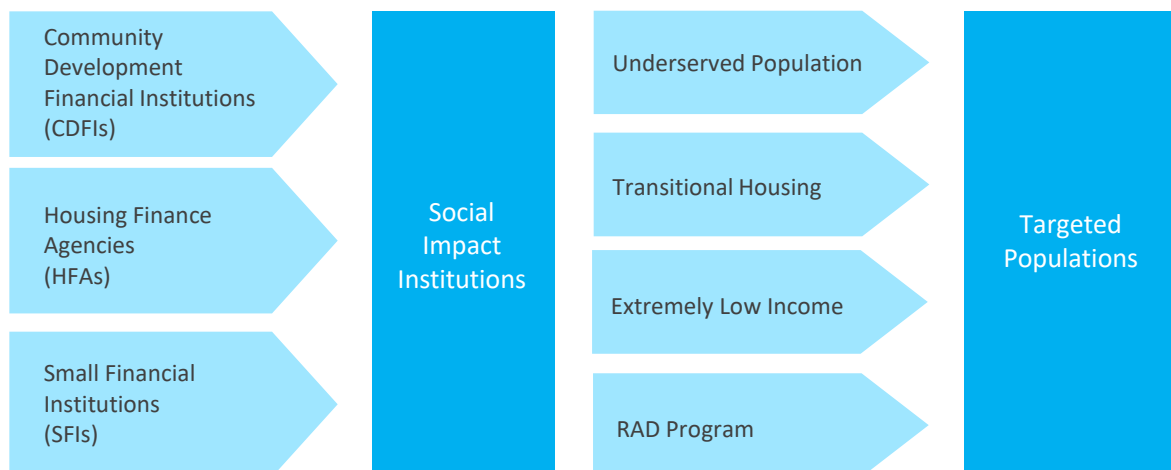
Process for Project Evaluation and Selection

To be considered an Impact deal, the transaction must adhere to a strict set of rules that we need to follow and have a clear indication of what we are trying to achieve with each deal.

Eligible loans backing Social Bonds **must provide liquidity to a social impact institution or support a targeted population**, as discussed below. Each deal is reviewed by our Multifamily Environmental, Social and Governance (ESG) Initiatives team for alignment with the criteria. Detailed explanations of this criteria are available in the [Social Bonds Framework](#).



For our loan offerings, **Targeted Affordable Housing (TAH)** properties are those that **receive federal, state or municipal government subsidies to pay for a portion of development or operating costs**. In exchange, developers/borrowers agree to keep all or a portion of the units affordable to renters at certain area median income (AMI) levels for defined periods of time, depending on the jurisdiction and type of governmental support involved. The government subsidies can be either direct (e.g., Section 8 vouchers) or indirect (e.g., tax credits). For the purpose of our Impact Bonds, we are looking for properties with the majority of units affordable to tenants earning at or below **50% AMI**.



Social Bonds Highlights

\$8.26B Since 2020 Freddie Mac Multifamily has issued approximately **\$8.26 billion** of Social Bonds



38% of units are affordable to tenants earning at or below **30% AMI**



66% of units are affordable to tenants earning at or below **50% AMI**

Providing Liquidity to Social Impact Institutions

IMPACT Community Capital – P-011

- IMPACT Community Capital is a CDFI focused on investments that house the opportunity to produce transformational change in underserved communities
- This Social Bonds transaction not only provides affordable housing to low- to moderate-income families, but it also provides IMPACT with liquidity to foster various socioeconomic prospects for residents and their communities
- 60% of the units financed through P-011 are affordable to tenants making **50% AMI** or less

Cedar Rapids Bank & Trust – M-070 & Q-024

- Cedar Rapids is an SFI with \$2.0 billion assets under management
- Freddie Mac has had two Social Bonds transactions with Cedar Rapids (M-010 and Q-024) providing them liquidity to grant them the ability to increase their lending capabilities in their niche market
- **Over 68% of the units** financed through these transactions are affordable to tenants making **50% AMI** or less



P-016 – Housing for Intellectually and Developmentally Disabled

- This transaction provides housing to individuals with intellectual and developmental disabilities across 641 properties supporting 2,633 individuals
- **Approximately 79% of beds** are affordable to tenants earning at or less than **50% AMI**
- Supports the “deinstitutionalization” of care for individuals with disabilities



WA4827 – Transitional Housing

- **48 unit** midrise property including **31 units** reserved for transitional housing
- **97% of units** affordable at **50% AMI**
- Helps support those experiencing homelessness in finding permanent housing



In spring 2023, the [P-013 transaction](#) was recognized by Environmental Finance, an online news and analysis service that reports on sustainable investment, green finance and companies active in the environmental market. This deal “highlights the ‘excellence’ of this social bond, which has a narrow and well-defined target with a meaningful social impact,” commented one awards judge on this transaction.

Multifamily Impact Resources

Community Reinvestment Act (CRA) Investment Opportunity

Investments in Guaranteed Certificates may qualify for CRA credit, subject to an individual bank's own evaluation:

- Freddie Mac will provide CRA side letters to investors who wish to claim CRA credit for their investment
- Details on the specific Metropolitan Statistical Areas within each state where CRA credit is available for a given pool will be provided upon request

Impact Bonds Webpage – Our [Impact Bonds webpage](#) consolidates a variety of resources and details pertaining to the Impact securities offered by Freddie Mac Multifamily.

Impact Bonds Investor Presentation – Our [Impact Bonds Investor Presentation](#) details the criteria, property highlights and recent deals for each impact type.

Impact Dictionary – Our [Impact Dictionary](#) clarifies frequently used terms that relate to housing affordability and underserved markets.

Impact Bonds Issuance Calendar – Find information on all our upcoming Impact Bonds series offerings in our [Impact Bonds Issuance Calendar](#).

Impact Performance Data – Our [Impact Deal Performance](#) presentation includes details for loan payoffs and watchlist criteria.

Historic Impact Issuance – Find data for all our Impact Deals in our [Historic Impact Issuance Dataset](#).

Historic LI/VLI Unit Counts – Our [Historic LI/VLI Dataset](#) provides historical information relating to Low-Income and Very-Low Income units at properties within our K-Deal® and SB-Deal® offerings.

Freddie Mac Multifamily ESG Initiatives Team

Our team manages the strategy behind our Impact Bonds offerings. This team carefully prescreens each loan, ensuring it conforms to our frameworks. The ESG Initiatives team takes the lead as Freddie Mac Multifamily addresses the ESG risks and opportunities relating to our securities. This team is headed by Luba Kim-Reynolds who joined Freddie Mac in 2016 and spearheaded the strategy behind our Impact Bonds offerings, a critical component of our sustainability strategy. The team also includes Christopher Lopez, a senior associate, who supports Impact Bonds and ESG initiatives. For additional information contact: MF_CM_InvestorRelations@freddiemac.com or visit our website at mf.freddiemac.com.



For full details on the environmental, social and sustainability impacts of our offerings, please check out the 2023 Impact Bonds Report at mf.freddiemac.com/docs/2023_impact_bonds_report.pdf

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