



Freddie Mac Announces First Multifamily Credit Risk Transfer Offering Using (Re)Insurance

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First Credit Insurance Pool Transaction Provides Risk Reinsurance on \$915 Million of Affordable Multifamily Loans

MCLEAN, Va., Jan. 03, 2019 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) today expanded its Multifamily credit risk transfer offerings with the creation of a Multifamily Credit Insurance Pool (MCIP) offering and the closing of the first transaction under that offering.

In MCIP transactions, Freddie Mac enters into long-term credit insurance contracts covering credit losses from existing multifamily loans in the company's portfolio or bonds that Freddie Mac fully guarantees. The structure transfers a percentage of credit risk to reinsurers, helping reduce Freddie Mac's need to hold capital for the underlying loans in the pool.

"This offering introduces a new form of credit risk transfer on Freddie Mac's Multifamily loans," said Victor Pa, vice president of Investments & Advisory for Freddie Mac Multifamily. "Through long-term insurance contracts we can help alleviate pricing volatility and reduce execution uncertainties, allowing us to broaden our production capabilities on various types of loans that may be structurally more complicated or need longer time to aggregate. The bottom line is that we will be able to better manage risk and provide more liquidity for affordable rental housing, helping fulfill our mission."

Freddie Mac also announced its first transaction through the offering, MCIP 2018-1. Partnering with reinsurance broker Aon, Freddie Mac has purchased credit risk insurance for the first 5 percent of credit losses on a reference pool of \$915 million, which consists of 55 loans in Freddie Mac's Bond Credit Enhancement and Multifamily Participation Certificate program portfolios. The average loan balance in the pool is \$16.6 million, and most of the 55 properties in the pool include rent-restricted units that are affordable to low- and very low-income families, helping to fulfill Freddie Mac's affordability mission. There is a total of five reinsurers participating in this transaction.

"This transaction is the first of many we hope to bring forward through the Multifamily Credit Insurance Pool initiative," said Robert Koontz, senior vice president of Multifamily Capital Markets. "This is yet another great credit risk transfer offering that complements and completes our existing suites of capital market executions. We have successfully delivered similar reinsurance offerings through our single-family business, and now we're finding similar efficiencies on the Multifamily side."

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, investors and taxpayers. Learn more at [FreddieMac.com](#), [@FreddieMac](#) and [Freddie Mac's blog](#).

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