



## Freddie Mac Duty to Serve White Paper: USDA Section 538 Supports Affordable Housing in Rural Areas

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### Thousands of Rental Units Backed by Growing Federal Loan Guarantee Program

MCLEAN, Va., Nov. 06, 2019 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) today released a [white paper](#) detailing how the USDA Section 538 loan guarantee program is supporting thousands of rural, multifamily housing units throughout the United States. More than 51,000 rental units have benefited from the federal subsidy since its first investment in 1998, and another 8,000 affordable units are set to be built or preserved in 2020.

"Section 538 allows lenders to provide highly flexible loan terms and attractive pricing for affordable multifamily rental housing in underserved rural markets," said Steve Guggenmos, vice president of Multifamily Research & Modeling at Freddie Mac. "The USDA program's guarantee has ensured access to secondary market capital, giving lenders the ability to support thousands of affordable units throughout the country."

#### Key Findings:

- **Section 538 program funding is growing**, with congressional appropriations nearly doubling since 2012.
- **Section 538 supports properties in areas with low incomes and high poverty.** The investments are geographically dispersed across 49 states and in the District of Columbia, with 24% of properties located in very small rural communities with populations of 2,500 or less.
- **A handful of lenders have issued the bulk of Section 538 loans.** A variety of lenders have participated in the program, though the number of transactions is concentrated among a select few lenders who have created efficient and replicable models.
- **The Section 538 guarantee allows for lenders to provide highly flexible loan terms and attractive pricing** for affordable rentals in rural areas, which are often difficult to finance.
- **The presence of the 538 guarantee provides access to secondary market liquidity** through Ginnie Mae securitizations.

Freddie Mac Multifamily is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income.

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 and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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