



Freddie Mac Multifamily Adds to Impact Lineup with First Social Bonds Offering

September 9, 2020

MCLEAN, Va., Sept. 09, 2020 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) Multifamily is adding to its lineup of Impact Bonds Offerings, today announcing it has gone to market with its first structured Social Bonds deal. According to the company's [Social Bonds Framework](#), the proceeds of Freddie Mac's Social Bonds are used either to provide liquidity to social impact financial institutions for financing of affordable housing or to finance multifamily properties originated by the Freddie Mac Multifamily Optigo[®] network that are affordable to an underserved population.

"We're proud to have brought our first Social Bonds offering to market, which is yet another addition to our Impact lineup," said Robert Koontz, senior vice president of Capital Markets for Freddie Mac Multifamily. "Last year we launched our K-G series to support our workforce housing Green Advantage[®] loans. Freddie Mac's innovations in this space are designed with our affordability mission in mind."

The inaugural Social Bonds structured transaction is a REMIC – FHMR 2020-P003- issuance backed by a pool of Multifamily PCs contributed by an affiliate of IMPACT Community Capital LLC (IMPACT). In the initial [2019 transaction](#), Freddie Mac swapped the PCs, which are guaranteed by Freddie Mac as principal and interest, in exchange for mortgages originated by IMPACT. Freddie Mac conducted a full underwriting and due diligence review of all the loans and confirms the loans were underwritten to Freddie Mac's credit standards.

Proceeds from the underlying loans are used to finance rental properties in 28 states that serve low- to very low-income residents. Out of approximately 4,500 rental units, about 2,900 are home to people with very low incomes who make 50% or less of the area median income.

The flexibility afforded by the Multifamily REMIC structure allowed IMPACT to create an efficient, diversified structured transaction with advantageous cash flow features, which are expected to maximize transaction proceeds to enable IMPACT to enhance its work in the affordable housing arena. Amanda Nunnink, vice president of Investor Relations for Freddie Mac Multifamily, explains that, "The bonds issued through the FHMR 2020-P003 trust will attract a broader investor base than the underlying PCs, which trade at a premium, limiting their liquidity. In a nutshell, our Social Bonds execution will provide IMPACT with more capital so that it can continue to make affordable housing investments throughout the country."

Institutions receiving liquidity and properties financed from Social Bonds proceeds are expected to foster various socioeconomic opportunities for residents and their communities, in addition to providing affordable housing to low- to moderate-income families. In future transactions, Freddie Mac intends to leverage its M-Deal and Q-Deal certificates and its Multifamily Participation Certificates (Multi PCs), including PC Swaps or similar transactions backed by multifamily mortgage assets, to issue Social Bonds that meet its social impact selection criteria.

Jeff Brenner, CEO of IMPACT, notes that, "IMPACT appreciates the opportunity to partner with Freddie Mac to attract more capital to affordable housing. Having participated in Freddie Mac's first Q Series and privately-placed participation certificate programs, Freddie Mac has, again, provided IMPACT an opportunity to provide needed capital to America's communities and its investors valuable liquidity in today's markets".

[Read more about Freddie Mac Multifamily's Social Bonds here.](#)

[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 securitizes about 90% of the multifamily loans it purchases, thus transferring the majority of the expected credit risk from taxpayers to private investors.

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](#).

MEDIA CONTACT:

Mike Morosi

(703) 918-5851

Michael_Morosi@FreddieMac.com