Freddie Mac To Bring Tax-Exempt Loan CMBS Product to Municipal Investors

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New Approach Will Increase Liquidity in CMBS and Municipal Markets and Support Affordable Multifamily Housing

MCLEAN, Va., Nov. 21, 2024 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) Multifamily today announced a new CUSIP registration capability to better align its ML-Deal offerings for both commercial mortgage-backed securities and municipal bond investors, increasing liquidity across both markets and advancing Freddie Mac's mission.

The new CUSIP registration capability will allow investors to choose their preferred CUSIP identifier, Mortgage or Municipal, at deal settlement and subsequently exchange their certificates between either of the two CUSIPs through a Freddie Mac approved Broker Dealer.

"This new registration capability streamlines our product to both mortgage and municipal bond investors, which is important to meet market needs and deliver on Freddie Mac's mission to support affordability, liquidity and stability in the multifamily housing market," said Robert Koontz, SVP of Multifamily Capital Markets at Freddie Mac. "We look forward to continuing to innovate and advance our offerings to respond to market changes while keeping a clear focus on our mission."

Since 2017, Freddie Mac's ML program has provided the opportunity for investors to invest in predominantly tax-exempt securities secured by loans on completed, occupied, and stabilized affordable housing properties. ML-Deals are backed by tax-exempt loans related to properties receiving new-issue 4% low-income housing tax credits (LIHTC).

This feature will start with ML-27 and is anticipated to be available for all future ML Deals. ML-27 is expected to go to market the week of December 9th with an issuance size of approximately $250 million and be designated as Sustainability Bonds.

ML-Deals with this feature will include two sets of Structured Pass-Through Certificates (SPCs), one registered under Freddie Mac's corporate issuer 144A CUSIP identifier and another registered under municipal issuer 144A CUSIP identifier. The underlying loan characteristics and structure for both will be identical. Although the underlying loans are obligations of various state and local entities, the state and local governmental entities are not directly obligated on the SPCs and do not issue the SPCs. Accordingly, the SPCs are not municipal securities as defined in Section (a)(29) of the Securities Exchange Act of 1934 and Freddie Mac is not a municipal issuer.

Click here to learn more about Freddie Mac ML Certificates. M-Deals and ML-Deals (freddiemac.com)

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's mission is to make home possible for families across the nation. We promote liquidity, stability, affordability and equity in the housing market throughout all economic cycles. Since 1970, we have helped tens of millions of families buy, rent or keep their home. Learn More: Website | Consumers | Twitter | LinkedIn | Facebook | Instagram | YouTube

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