2012 Results
Multifamily Business
Multifamily Has Produced Earnings for Taxpayers

During 2012, Freddie Mac’s Multifamily business produced record earnings of $2.1 billion, a 63 percent increase over the prior year. Since 2010, Multifamily has produced $4.4 billion in segment earnings for U.S. taxpayers.
Affordable Housing Finance Has Helped Renters

During 2012, Freddie Mac’s Multifamily business financed 436,000 apartment units, an annual record. The vast majority of our loan purchases supported affordable housing for people at or below the local area median income. Since 2010, Multifamily has financed 978,000 apartment units.
Lenders and Borrowers Rely on Multifamily Liquidity

During 2012, Freddie Mac’s Multifamily business purchased $28.8 billion in loans, an annual record, enabling borrowers to refinance loans at lower rates and support new apartment construction. Since 2010, Multifamily has funded $64.5 billion in loans. We estimate that Freddie Mac’s share of multifamily mortgage debt outstanding is 14 percent through 3Q’12.
Multifamily Fundings Have Been Counter-Cyclical

Freddie Mac’s Multifamily business operates in a counter-cyclical manner, improving market stability. During the recession, Multifamily fundings peaked at 32 percent of market originations. During the recovery still in progress, our market share has declined to an estimated 20 percent, as other participants re-enter the market.
Our Mortgage-Backed Securities, Known as K-Deals, Transfer Risk Away from Taxpayers

- K-deals contain a shock absorber — unguaranteed subordinate bonds — that protects guaranteed portions
- Sub bonds bear the most risk: first to take losses, last to receive cash
- Thus, private investors, not Freddie Mac, are in a first-loss position
- Typical K-deal is $1.1-1.5 billion, issued at least monthly
- Guaranteed senior bonds (~$1b), are AAA-equivalent based on underlying collateral
- Sub bonds (~$200m) are backed by same pool of loans as senior bonds, but without Freddie’s guarantee and are issued by third parties
There Has Been Strong Demand for Our Securities

During 2012, Freddie Mac’s Multifamily business settled $21.2 billion in mortgage-backed securities known as K-deals, an annual record. Since 2010, we have settled 35 K-deals totaling $41.3 billion. Non-guaranteed tranches place private investors, not Freddie Mac, in a first-loss position.
Credit Discipline Has Built A High-Quality Portfolio

At year-end 2012, Freddie Mac’s Multifamily loan delinquency rate was just 19 basis points. In contrast, the delinquency rate on CMBS multifamily loans was 994 bps – or 50 times worse. Freddie Mac’s Multifamily credit losses during 2012 were $34 million – or less than 3 bps of its $128 billion total mortgage portfolio.