



## Tax-Exempt Bond Securitization (TEBS)

Offers the efficiencies of our Capital Markets Execution<sup>SM</sup> to tax-exempt bond holders in the multifamily affordable housing market

### At-a-Glance

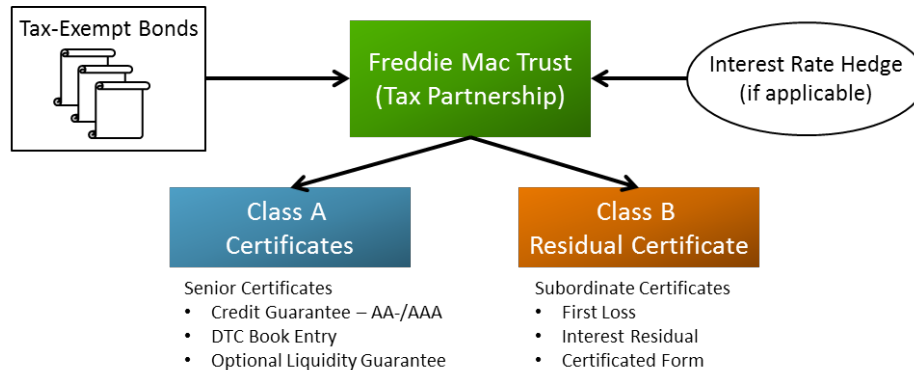
Tax-Exempt Bond Securitization (TEBS)	
Product Description	<p>The TEBS structure is a proprietary execution offered by Freddie Mac through which a Sponsor transfers privately placed tax-exempt multifamily housing revenue bonds and related taxable bonds or mortgages to Freddie Mac in exchange for</p> <ul style="list-style-type: none"> <li>• Freddie Mac senior Class A Certificates that are sold to investors and</li> <li>• Subordinate Class B Certificates that are retained by the Sponsor and pledged to Freddie Mac.</li> </ul> <p>Freddie Mac's Class A Certificates are fully guaranteed tax-exempt or taxable securities supported by pools of unenhanced tax-exempt multifamily housing revenue bonds or related taxable bonds or mortgages. In the event that the senior certificates bear interest at a variable rate, Freddie Mac may also provide a <a href="#">liquidity facility</a> in the form of a guarantee of the purchase price of the senior certificates if tendered for purchase by an investor.</p>
Benefits to Sponsor	<ul style="list-style-type: none"> <li>• Off-balance-sheet option with portfolios of unenhanced multifamily bonds</li> <li>• Enhanced yields through Class B Certificates</li> <li>• Reduction of risk with risk capped at subordination level of the Class B Certificates</li> </ul>
Minimum Pool Size	Generally \$100 million
Subordination Level (Size of B Piece)	On average 15% of total pool size, but can be customized based on collateral quality and Sponsor needs
Eligible Sponsors	Freddie Mac Program Plus® Seller/Service providers with demonstrated expertise in bond transactions and Targeted Affordable Housing Seller/Service providers; other well-capitalized financial institutions on a case-by-case basis
Eligible Properties	Multifamily properties; all assets will be underwritten by Freddie Mac
Minimum Debt Coverage Ratio/Maximum Loan-To-Value Ratio (of each asset)	1.05x / 95% per Freddie Mac underwriting
Documentation/Due Diligence Required During Freddie Mac Underwriting  (Complete list of documentation available in TEBS Underwriting Checklist, provided upon request)	<ul style="list-style-type: none"> <li>• Appraisal or market study for each property</li> <li>• Current rent roll of each property</li> <li>• Current and historical financial statements of each property</li> <li>• Sponsor organizational documents</li> <li>• Ground lease information, if applicable</li> <li>• HAP contracts and amendments, if applicable</li> <li>• LURA or Regulatory Agreement</li> <li>• Evidence of tax credits awarded or tax credit application</li> <li>• As-built surveys</li> <li>• Title policy analysis</li> <li>• Bond amortization schedules</li> <li>• Insurance review</li> <li>• Seismic reports (if applicable)</li> <li>• Terms of subordinate debt (if applicable)</li> </ul>

For a list of Freddie Mac Seller/Service providers and other product information page, visit [FreddieMac.com/multifamily](http://FreddieMac.com/multifamily)

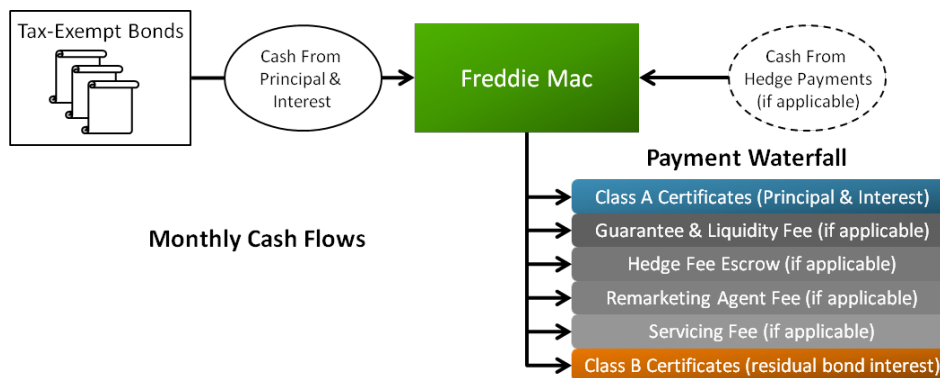
Tax-Exempt Bond Securitization (TEBS)	
<p>Upfront Fees</p> <p>(Approximately 50 bps for a \$100 million transaction)</p>	<ul style="list-style-type: none"> <li>• Underwriting fees</li> <li>• Legal fees</li> <li>• Execution fees</li> <li>• Modeling fee</li> <li>• Rating agency fee</li> <li>• Liquidity facility fee (if applicable)</li> </ul>
<p>Ongoing Fees</p> <p>(Based on underlying collateral and subordination level)</p>	<ul style="list-style-type: none"> <li>• Freddie Mac guarantee fee</li> <li>• Servicing fee</li> <li>• Remarketing fee (if Class A Certificates are variable-rate certificates)</li> <li>• Liquidity facility fee (if Class A Certificates are variable-rate certificates)</li> </ul>
<p>Liquidity Facility Options</p>	<p>In the event that the senior certificates bear interest at a variable rate, Freddie Mac may also provide a liquidity facility; several options exist, depending upon the preference of Sponsor</p>
<p>Hedging</p>	<p>If the Class A Certificates are variable-rate certificates, the Sponsor must purchase an interest rate hedge from an approved Freddie Mac counterparty</p>

### How TEBS Works

- Sponsor delivers bonds to Freddie Mac, which are registered in the name of Freddie Mac.
- Freddie Mac delivers rated Class A and unrated Class B Certificates to the Sponsor.



- Class A Certificates are marketed and sold to investors; Freddie Mac guarantees the payment of scheduled principal on the bonds and all interest on the Class A Certificates.
- Class B Certificates are issued to Sponsor but pledged back to Freddie Mac as collateral for Sponsor's obligation to reimburse Freddie Mac for any credit or liquidity guarantee payments; monthly interest payments on the Class B Certificates are made on a subordinate "if available" basis only after all Class A Certificate interest and pool expenses have been paid in full.



### For More Information

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