

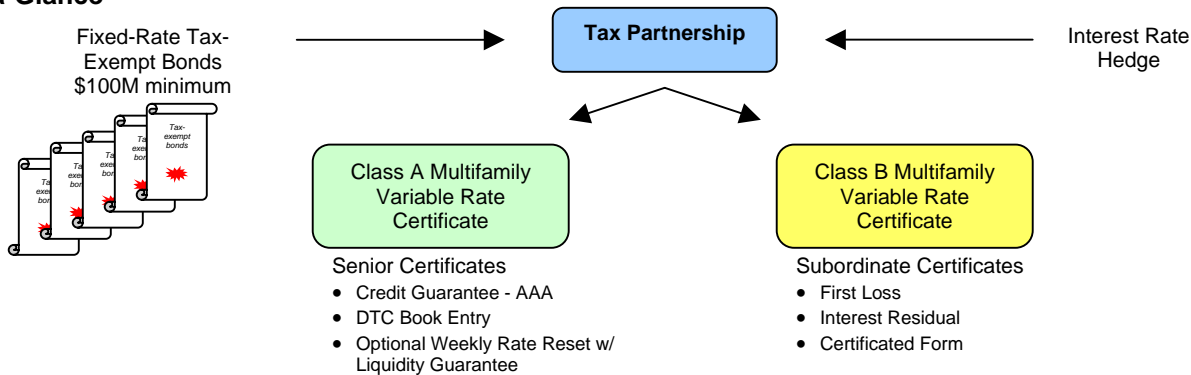


Freddie Mac Tax-Exempt Bond Securitization (TEBS)

The Freddie Mac Tax-Exempt Bond Securitization (TEBS) execution brings capital market efficiencies to the affordable housing market, offering owners of privately placed multifamily housing revenue bonds the potential to exchange those bonds for a AAA Freddie Mac security plus a small unrated residual security.

Freddie Mac's Class A Multifamily Variable Rate Certificates, which are issued in connection with TEBS transactions, are fully guaranteed tax-exempt and taxable securities supported by pools of unenhanced tax-exempt and taxable multifamily housing revenue bonds. Through the TEBS execution, owners of bonds are able to free up capital to use again for new affordable production by exchanging their unenhanced bonds for senior Class A Certificates that are sold to the public, and subordinate Class B Certificates which are retained by the bond owner and pledged to Freddie Mac. A Forward TEBS feature is also available to securitize pools of fixed-rate multifamily housing revenue bonds through the TEBS execution within a specified timeframe and within a pre-agreed fee and subordination structure.

At-a-Glance



How It Works

- Freddie Mac will guarantee the payment of scheduled principal on the bonds and all interest on the tax-exempt and taxable Class A Certificates.
- Payment to the Class B Certificates will be made on a subordinate “if available” basis only. Additionally, if the Class A Certificates bear interest at a seven-day variable rate, they will be “puttable” upon five business days notice, and Freddie Mac will guarantee payment of the purchase price of any such “put” certificates, if the remarketing agent does not remarket those certificates within such time period.
- Freddie Mac can also issue a forward commitment, which offers locked-in pricing and subordination levels (sizing of the subordinate Class B Certificates).

