

FREDDIE MAC OPTIGO®

Tax-Exempt Bond Securitization

For tax-exempt bondholders (Sponsors) in the multifamily affordable housing market, we provide liquidity via the efficiencies of our securitization platform. Through our Tax-Exempt Bond Securitization (TEBS) program, the Sponsor transfers portfolios of unrated bonds to Freddie Mac in exchange for certain rated M-class certificates.

SECURITIZATION FOR TAX-EXEMPT BONDHOLDERS

ELIGIBLE PROPERTY TYPES	Multifamily properties; all assets will be underwritten by Freddie Mac.	
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 possibly related taxable bonds or loans) to Freddie Mac in exchange for:</p> <ul style="list-style-type: none"> • Freddie Mac senior Class-A M Certificates that are generally sold to investors, and; • Subordinate Class-B M Certificates that are generally retained by the Sponsor. <p>Freddie Mac's Class-A M 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 loans. In the event that the senior Class-A M Certificates bear interest at a variable rate, Freddie Mac may also provide a liquidity facility in the form of a guarantee of the purchase price of the senior Class-A certificates if tendered for purchase by an investor.</p>	
AMOUNT	Generally, ≥ \$100 million.	
BENEFITS TO SPONSOR	<ul style="list-style-type: none"> • Balance Sheet Management: reduce concentration of Multifamily assets. • Capital Management: risk capped at Class-B M Certificate amount (if retained by Sponsor). • Profitability: enhanced yields through retention of Class-B M Certificates. • Monetization: Class-A M Certificates sold to investors for cash. 	
SUBORDINATION LEVEL (Size of B Piece)	On average 15% of total pool size, but can vary based on collateral quality and Sponsor needs.	
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"> • Appraisal or market study for each property. • Current rent roll of each property. • Current and historical financial statements of each property. • Sponsor organizational documents. • Ground lease information (if applicable). • HAP contracts and amendments (if applicable). • LURA or Regulatory Agreement. 	<ul style="list-style-type: none"> • Evidence of tax credits awarded or tax credit application. • As-built surveys. • Title policy. • Bond amortization schedules. • Insurance review. • Seismic reports (if applicable). • Terms of subordinate debt (if applicable).
UPFRONT FEES (Approximately 50 bps for a \$100 million transaction)	<ul style="list-style-type: none"> • Underwriting fees. • Legal fees. • Execution fees. • Tax opinion fee. 	<ul style="list-style-type: none"> • Modeling fee. • Rating agency fee. • Liquidity facility fee (if applicable).

For important disclosures about Lument and the information found in this term sheet [click here](#).

ONGOING FEES

(Based on underlying collateral and subordination level)

- Freddie Mac guarantee fee.
- Servicing fee.
- Remarketing agent fee (if Class-A M Certificates are variable-rate certificates).
- Liquidity facility fee (if Class-A M Certificates are variable-rate certificates).

LIQUIDITY FACILITY OPTIONS

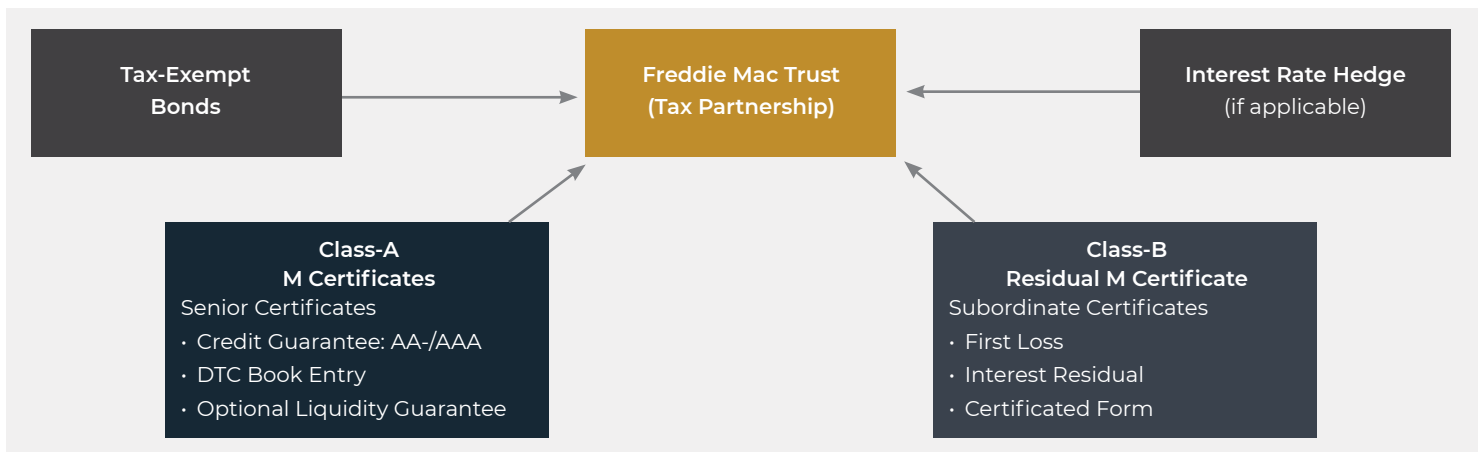
In the event that the senior Class-A M Certificates bear interest at a variable rate, Freddie Mac may also provide a liquidity facility.

HEDGING

If the Class-A M Certificates are variable-rate certificates, the Sponsor must purchase an interest rate hedge acceptable to Freddie Mac from an approved Freddie Mac counterparty.

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 M Certificates to the Sponsor.



- Class-A M 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 M Certificates.
- Class-B M Certificates are issued to and held by Sponsor. Monthly interest payments on the Class-B M Certificates are made on a subordinate “if available” basis only after all Class-A M Certificate interest and ongoing fees have been paid in full, and after Freddie Mac has been reimbursed for all amounts then due under the Reimbursement Agreement.

Note: The most common structure has been detailed above. The Class A and Class B Certificates can be retained by the Sponsor or both sold to investors.

