

Freddie Mac Conventional Fixed-Rate Loan



Description

Non-recourse, assumable fixed rate financing for the acquisition or refinance of stabilized multifamily rental or cooperative properties

Loan Amount

Generally \$5 to \$100 million (larger and smaller loans will be considered)

Loan Term

5, 7, and 10 year terms (up to 30 years if loan is not purchased for securitization)

Max Amortization

30 years or up to Interest Only up to 10 years available

Max Loan to Value

80%

Minimum Coverage

1.25x

Borrower

- Borrower may generally be a limited partnership, corporation, limited liability company, or a tenancy-in-common (TIC) with 10 or fewer tenants in common
- General partnerships, limited liability partnerships, REIT's and certain trusts may also be acceptable in limited circumstances, subject to additional requirements
- Borrower must generally be a Single Purpose Entity (SPE); however, on loans less than \$5 million, upon Borrower's request, a Borrower other than a TIC may be a Single Asset Entity (SAE) instead of an SPE
- If the Borrower is structured as a Tenancy in Common (TIC), each Tenant in Common must be a SPE

Interest Rate

Risk-based pricing, varying with LTV, DSC ratios, and geographic location

Prepayment Terms

Yield maintenance until securitized followed by 2 year lockout; defeasance thereafter. No prepayment premium for final 90 days. If loan is not securitized within first year, then yield maintenance applies until the final 90 days. Yield maintenance without defeasance is available for securitized loans for an additional cost.

Lock-out Period

2 years following securitization

Third Party Reports

MAI Appraisal, Physical Needs Assessment, and Environmental Phase I Assessment are required, plus Seismic Report may be required for properties in Seismic Zones 3 and 4

Tax, Insurance, & Replacement Reserves

Tax and insurance escrows are generally required. Funded Repair & Replacement escrow is generally required.

Recourse Requirements

Non-recourse except for standard carve-out provisions

Lender Application Fee

\$20,000; covers 3rd party reports and processing/ underwriting costs

Freddie Mac Application Fee

Greater of \$2,000 or 0.1% of loan amount

Origination Fee

Competitive

Legal Fees

\$8,000 to \$12,000 varying with characteristics of the deal

Timing

45-60 days from the application to commitment; dependent on 3rd party report timing and Borrower's submission of due diligence

Rate Lock

Early rate-lock option available for varying durations, typically ranging from 60 to 120 days until Freddie Mac purchase; Index Lock and Fast Track Early Rate-Lock options also available.

Assumability

Loan is assumable, subject to lender approval of proposed replacement Borrower. Fees include 1% assumption fee, part of which is paid to Freddie and a \$5,000 processing fee to cover Lender's underwriting expenses.