



Product Highlights

- Financing for the acquisition or refinance of small balance loans, offering partial-term and full-term interest-only
- Streamlined processes for underwriting, closing and funding
- Streamlined loan documents

Markets

Nationwide

Loan Amount

- Up to \$7.5 million in all markets
- Note: Deals greater than \$6 million and up to \$7.5 million in Small and Very Small Markets may be permitted subject to Freddie's approval of an exception request

Unit Limitations

- Loan amount \leq \$6 million: no max unit limitations
- Loan amount $>$ \$6 million and \leq \$7.5 million: up to 100 units (exceptions permitted above 100 units)

Loan Purpose

Acquisition or Refinance

Loan Terms

20-year hybrid ARM with initial 5, 7, or 10-year fixed rate period
5, 7, or 10-year fixed rate loans

Amortization

Up to 30 years

Interest Only

Partial-term interest-only; full-term interest only may be available

Prepayments

Declining Prepayment schedules and yield maintenance available for all loan types – please refer to the chart on page 3

Eligible Borrowers / Borrowing Entities

Up to \$6 million – Individuals who are US citizens; limited partnerships; limited liability companies; Single Asset Entities (SAE); Special Purpose Entities (SPE); tenancy-in-common (TIC) with up to five unrelated members; and Trusts (irrevocable trusts and revocable trusts with an individual guarantor)

Between \$6 million and \$7.5 million – Single Asset Entities

Freddie Mac Small Balance Loan



Recourse

Non-recourse with standard carve-out provisions required

Net Worth and Liquidity

- Net worth: Equal to the loan amount
- Liquidity: Equal to 9 months of principal and interest

Eligible Properties

Multifamily housing with five residential units or more, including:

- Properties with tax abatements
- Seniors housing with no resident services
- Properties with space for certain commercial (non-residential) uses
- Properties with tenant-based housing vouchers (section 8)
- Low-Income Housing tax Credit (LIHTC) properties with Land Use Restriction Agreements (LURAs) that are in either the final 24 months of the initial compliance period or the extended use period (investor must have exited)
- Properties with local rent subsidies for 10% or fewer units where the subsidy is not contingent on the owner's initial or ongoing certification of tenant eligibility
- Properties with certain regulatory agreements that impose income and/or rent restrictions, provided all related funds have been disbursed

Occupancy

Property must generally be stabilized at 90% physical occupancy for the trailing 3-month average prior to Underwriting or 85% for the trailing 3-month average prior to Underwriting under certain scenarios

Escrows

- Real estate tax escrow deferred for deals with an LTV ratio of 65% or less
- Insurance escrow deferred
- Replacement reserve escrow deferred

Rate Lock

60- to 180-day rate lock period available

Fixed-Rate / Hybrid ARM LTV Ratios and Amortizing DCRs

| | Minimum Amortizing DCR** | Maximum LTV* |
|------------------------|--------------------------|--------------|
| Top SBL Markets | 1.20x* | 80% |
| Standard SBL Markets | 1.25x | 80% |
| Small SBL Markets | 1.30x | 70%* |
| Very Small SBL Markets | 1.40x | 70%* |

*Maximum 75% LTV for Acquisitions

**Minimum 1.25x Amortizing DCR for loans greater than \$6 Million, Top Markets

To determine market tier, please consult with your Multifamily Capital Advisor!

Full Term Interest-Only Adjustments

Full-Term IO or Full-Term IO during Fixed-Rate Period of Hybrid ARM

| | Add to the Baseline | Maximum LTV |
|----------------------------------|---------------------|-------------|
| Top and Standard SBL Markets | 0.15x | 65% |
| Small and Very Small SBL Markets | 0.10x | 60% |

Prepayment Provisions

Fixed Rate

| | 5-Year | 7-Year | 10-Year |
|----------|------------|------------|------------|
| Option 1 | 54321 | 5544321 | 5544332211 |
| Option 2 | 32111 | 3322111 | 3332221111 |
| Option 3 | (YM or 1%) | (YM or 1%) | (YM or 1%) |
| Option 4 | 31000 | N/A | N/A |

Hybrid ARMs

| | 5+15 Year | 7+13 Year | 10+10 Year |
|----------|----------------|----------------|----------------|
| Option 1 | 54321,1% | 5544321,1% | 5544332211,1% |
| Option 2 | 32111,1% | 3322111,1% | 3332221111,1% |
| Option 3 | (YM or 1%), 1% | (YM or 1%), 1% | (YM or 1%), 1% |
| Option 4 | 31000, 0% | N/A | N/A |

- Fixed rate yield maintenance (YM) – Higher of YM or 1% of the unpaid principal balance during the YM period
- Hybrid ARM yield maintenance (YM) – Higher of YM or 1% of the unpaid principal balance during the fixed rate period. Prepayment during the floating rate period is 1%

Note: Hybrid ARM consists of an initial fixed-rate period followed by a floating-rate period. During the floating-rate period the coupon is based on 6 month LIBOR +325 margin. Every six months, the floating rate may increase or decrease by 1%, never be less than a floor of the initial fixed interest rate and never be greater than a maximum lifetime cap of the initial fixed interest rate +5%.