

Sponsorship Review and Requirements

Overview

Sponsors are broadly evaluated for: operational capability, financial wherewithal, and credit worthiness. To that end, an extensive review of the sponsor is undertaken during the underwriting process to ensure strong net worth, liquidity, credit history and experience. Additionally, each loan purchased by Freddie Mac must have a sponsor that meets the requirements in [Chapter 9](#) of the *Freddie Mac Multifamily Seller/Service Guide* (“Guide”). See the Guide for complete requirements for sponsors and review of organizational documents.

Operational Capability

The sponsor’s ability to effectively operate the property during the life of the loan and successfully exit the loan at the end of term.

- **Sponsor Experience** – We assess the sponsor’s background in owning and operating multifamily real estate, both generally and with properties similar in size, complexity, and quality to the subject property. This evaluation ensures the borrower possesses the necessary experience to operate the asset under consideration.
- **Portfolio and Operational History** – A thorough review of the sponsor’s portfolio and track record is conducted to confirm the sponsor’s expertise and ability to address the unique characteristics of the subject property.
- **Refinance Transactions** – In the case of refinancing, we review the historical performance of the property to ensure the sponsor has demonstrated effective operational capability.

Example – If a borrower seeks financing for a 500-unit property in NYC featuring rent-stabilized units, a 421a tax abatement, and a ground lease, we examine the sponsor’s portfolio and operational history for experience with properties of comparable size and complexity, either within the same market or elsewhere. If gaps in experience are identified, we verify the sponsor is collaborating with a property management team that can provide the requisite expertise.

Financial Wherewithal

The sponsor’s capacity to financially sustain the property throughout the loan term.

- **Submission of Financial Statements** – Sponsors are required to provide financial statements that clearly summarize their financial position, and must meet net worth and liquidity thresholds, which are determined based on the size of the loan.
- **Ability to Meet Capital Requirements** – Sponsors are evaluated for their ability to fulfill the capital needs of the property being financed, ensuring the property can operate smoothly and consistently.
- **Portfolio Evaluation** – A comprehensive review of the sponsor’s portfolio is conducted to confirm they possess sufficient capital to support their holdings. This includes verifying there are no liabilities within the sponsor’s portfolio that could negatively affect the subject property; if such liabilities exist, the sponsor must demonstrate that appropriate measures are being taken to mitigate these risks.
- **Assessment of Portfolio Risks** – The evaluation process includes reviewing the sponsor’s portfolio for upcoming loan maturities, underperforming assets, and contingent liabilities. As part of the underwriting process, the sponsor is required to submit a plan outlining how these issues will be addressed to the satisfaction of Freddie Mac.
- **Liquidity Requirements** – Generally, the sponsor must hold liquidity or liquid assets in excess of 100% of the annual debt service or 10% of the total loan amount.
- **Minimum Net Worth** – For loans less than \$50 million, minimum net worth requirements range from \$5 million to \$15 million. For loans greater than \$50 million, net worth must be equal to or greater than 30% of the total loan amount.

Credit Worthiness

The sponsor’s ability to comply with the terms of the loan documents and ensure Freddie Mac is protected in the event of adverse circumstances.

- **Borrower History Review** – As part of the underwriting process, sponsors must undergo a review of their borrowing history and disclose any prior adverse credit events, such as defaults, deeds in lieu, or loan modifications.
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- While past adverse events do not automatically disqualify a sponsor, each adverse event is carefully evaluated to confirm the sponsor responded promptly and responsibly, and did not transfer losses to the lender.
- **Know Your Customer (KYC) Procedures** – Freddie Mac conducts comprehensive KYC checks to ensure transactions are completed only with approved parties.
 - This includes reviewing a detailed organizational chart that identifies all entities and individuals with direct or indirect control of the borrower, down to an individual, a revocable trust, or a U.S. public company.
 - All non-U.S. equity holders, all U.S. individuals and entities with an aggregate indirect equity interest in the borrower of 25% or more, the guarantor, and any parties pre-approved for a transfer of control are also reviewed.
- **Additional Due Diligence** – Comprehensive web and background searches are conducted for the property, borrower, key principals, non-U.S. equity holders, and any principals with a 25% or greater aggregate equity interest in the borrower.
 - Searches are performed against various prohibited parties lists.
 - Credit reports are required for all individuals with social security numbers.

Sponsorship

To better understand the leading sponsors in the multifamily market, refer to the [NMHC's Top 50 Owners list](#), which includes over 35 sponsors that have done business with Freddie Mac in the past three years. In 2025, approximately 22% of Freddie Mac Multifamily's origination volume was attributed to our top 20 sponsors. Of these top 20 sponsors for 2025, 12 are included in NMHC's Top 50 Owners.

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