



# Small Balance Loan Program Overview (SB-Deals®)

**Investor Presentation**

As of March 31, 2025



## Small Balance Loan Program | Key Facts

**We have securitized 16,128 loans totaling \$43.5 billion through our SB Certificates®**

### Investor Highlights

- FRESB deals are not rated and are generally issued by a third-party trust
- Freddie Mac purchases and aggregates individual loans from lenders and securitizes pools of approximately \$225 million or more
- Entire flow, from quote through post-securitization monitoring, leverages K-Deal® processes
- SB-Deals® have a separate “SBXX” designation on the FRESB shelf, consistent with other existing non-K-Deal securitizations (such as M-Deals and Q-Deals)
- FRESB deals are highly mission driven and are a rich source for potential Community Reinvestment Act (CRA) credit

### Focused Expertise and Results

- Dedicated professionals work within our Multifamily Production, Underwriting, Capital Markets, and Asset Management & Operations groups and focus solely on SBL
- We have a specialty network of [10 Optigo® SBL lenders](#) with extensive experience in the SBL market who source small balance loans across the country
- As of March 2025, we have securitized 16,128 loans, which benefited 594,195 apartment units and totaled \$43.5 billion in volume
- In Q1 2025, we settled two SB securitizations backed by approximately \$551 million of collateral comprising 176 loans

## SBL Program | Mechanics and Features

**Freddie Mac Multifamily generally refers to SBL as loans between \$1 million and \$7.5 million**, although in the commercial real estate market “small loans” can often refer to loans of less than \$15 million. Certain regulatory agencies refer to small loans as having 5-50 units

- We offer 5-, 7- and 10-year fixed-rate balloon mortgages as well as 10-year hybrid balloon mortgages with 5- and 7- year initial fixed-rate periods followed by floating-rate SOFR with six-month rest periods, and a 20-year hybrid balloon mortgage with a 10-year initial fixed-rate period followed by floating-rate SOFR with six-month reset periods
- Partial-term interest only (IO) and full-term IO may be available
- Originated and serviced through Optigo SBL lenders
- Efficient due diligence process with focused underwriting and commitment execution
- Competitive, transparent pricing
- Streamlined non-negotiable loan documents
- Available in all markets
- Cash-out proceeds may be allowed
- Credit and underwriting standards consistent with Freddie Mac Multifamily Conventional line of business
- Freddie Mac is the Master Servicer post-securitization

## Sourcing Our SBL Business

The dedicated SBL Production team sources its loans from a select group **of 10 experienced multifamily lenders**

- The small size of the SBL network promotes quality originations and a high level of service to lenders and borrowers
- Lenders must meet our standards for both origination and servicing loans, which include meeting minimum financial requirements and obtaining satisfactory annual audits

### Optigo SBL Lenders

Arbor Agency Lending LLC

Basis Investment Group LLC

Berkadia Commercial Mortgage LLC

CBRE Capital Markets Inc.

Greystone Servicing Company LLC

Lument Capital

Pinnacle Financial Partners

Ready Capital

Regions Bank

Walker & Dunlop LLC

## SBL Terms | Prepayment Provisions

Prepayment varies by term but offers both step-down or yield maintenance provisions for all products

Option	Hybrid ARMs <sup>1</sup>			Fixed-Rate		
	5+5 Year	7+3 Year	10+10 Year	5 Year	7 Year	10 Year
1	54321, 1%	5544321, 1%	5544332211, 1%	54321	5544321	5544332211
2 <sup>2</sup>	321(3), 1%	3(2)2(2)1(3), 1%	3(3)2(3)1(4), 1%	321(3)	3(2)2(2)1(3)	3(3)2(3)1(4)
3 <sup>3</sup>	(YM or 1%), 1%	(YM or 1%), 1%	(YM or 1%), 1%	YM or 1%	YM or 1%	YM or 1%
4	310(3), 0%	N/A	N/A	310(3)	N/A	N/A

<sup>1</sup> Hybrid ARM consists of initial fixed-rate period followed by floating-rate period. The hybrid floating-rate coupon is based on 30-day Average SOFR + 325 margin. Every six months, the floating rate may increase or decrease by up to 1%, with a maximum lifetime cap equal to the initial fixed rate +5% and a lifetime floor equal to the initial fixed rate

<sup>2</sup> Prepay description: e.g., "321(3), 1%" refers to 3% for year 1, 2% for year 2, 1% for the next three years, then 1% during the remaining floating-rate period

<sup>3</sup> Higher of yield maintenance (YM) or 1% during fixed-rate period; 1% during floating-rate period

Note: All prepayment options are open for prepayment without premium for three months prior to maturity. Hybrid ARMs can be prepaid without payment of a prepayment premium if prepaid during the floating-rate period using the proceeds of a Freddie Mac loan that is the subject of a binding purchase commitment by Freddie Mac or as the result of the sale of the property to an unrelated third party in an arms' length transaction. Pricing varies by prepay type

## SBL Mortgage Guidelines

### Property Type

- Conventional multifamily housing with five or more residential units
- Section 8 vouchers and tax abatements
- Properties may include commercial income
- Not allowed: Seniors Housing, Student Housing (greater than 50% concentration), military housing (greater than 50% concentration) and properties with Low-Income Housing Tax Credit (LIHTC) and/or Land Use Restriction Agreements (LURAs) (except those in the last two years of the initial compliance period or in the extended use period)

### Loan Terms

- 10-year Hybrid ARM structure of 5- and 7- year initial fixed-rate period following by floating-rate SOFR with six-month reset periods, and a 20-year Hybrid ARM structure of 10-year initial fixed-rate period followed by floating-rate SOFR with six-month reset periods
- 5-, 7- and 10-year fixed balloon loan terms
- Maximum amortization of 30 years for both hybrid and balloon products
- Partial-term IO; full-term IO may be available
- Credit parameters consistent with Freddie Mac Multifamily conventional business
- Floating rate based on 30-day Average SOFR plus margin, subject to the periodic cap, floor and lifetime ceiling
- Prepayment fee varies by term but offers both step-down or yield maintenance provisions for all products

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## Optigo® Small Balance Loans Program

Optigo® loans for small apartment buildings target 50 units, \$1 million to \$7.5 million.

**SBL**  
Small Balance Loan  
[Term Sheet](#)

**SBL**  
Portfolio Deals  
[Term Sheet](#)

### Small Balance Loans

**Fast, Flexible and Cost Effective**

As a leader in multifamily financing, we're changing the way small apartment loans are done by giving you more choices, better terms, and a faster, simpler loan process. It's financing that fits your needs. Benefit from a combination of features not available anywhere else and get personal service from in-market experts who specialize in creative solutions for single and pooled loans. Plus, we'll get you to the closing table on time. Whether your goal is to grow your portfolio, improve returns on existing assets, or meet other financial goals, we have the strength, expertise and reliability to get you there.

**The Freddie Mac Difference:**  
When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo® lender network to tackle complicated transactions, provide certainty of execution and fund quickly.

**Borrowers Who Want to Know More:**  
Contact one of our Optigo lenders at [mf.freddiemac.com/borrowers/](mailto:mf.freddiemac.com/borrowers/)

**Product Snapshot**

- \$1 million - \$7.5 million
- 5-, 7- and 10-year hybrid ARM and fixed-rate options
- Nonrecourse
- Up to 80% LTV in certain markets
- Interest-only available
- 30-year amortization
- Declining prepayment options
- Coupon pricing held at application
- Streamlined loan documents and third-party reports
- Certainty of execution
- 12 Optigo lenders with nationwide coverage
- Your servicing partner for the life of your loan

**In Your Local Market**  
Borrowers can request a quote through one of our approved Optigo lenders.  
[Request A Quote](#)

[mf.freddiemac.com/products/](https://mf.freddiemac.com/products/)  
The information in this document is not a replacement or substitute for information found in the Freddie Mac Multifamily Seller/Servicer Guide. Terms set forth herein are subject to change without notice. 05/24

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For additional  
details on  
underwriting, LTV  
and DSCR  
guidelines, visit [our website](#) or view the  
[SBL term sheet](#)

## SBL Market Credit Alignment

	DSCR/LTV Baseline	
	Minimum Amortizing DSCR	Maximum LTV
Top SBL Markets	1.20x	80%
Standard SBL Markets	1.25x	80%
Small SBL Markets	1.30x	70% for Refinances 75% for Acquisition
Very Small SBL Markets	1.40x	
	Full-Term IO Adjustments* Full-Term IO or 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%

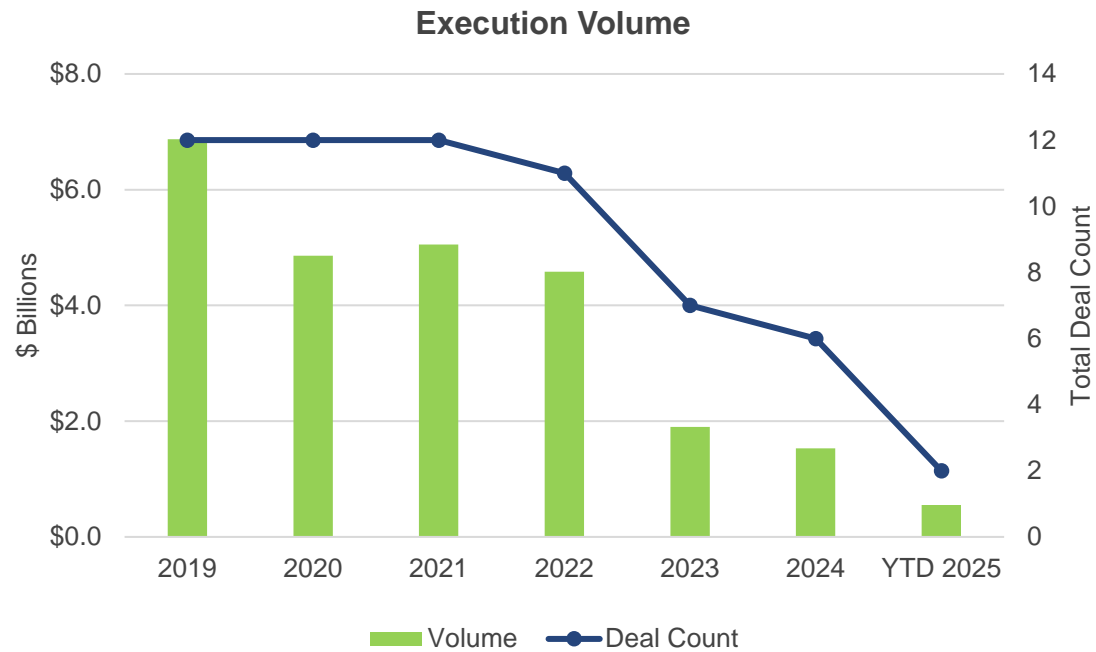
(\*) Maximum available partial IO period for Small and Very Small SBL Markets is generally limited to:

- Zero (0) years on 5-year term
- One (1) year for a 7-year term
- Two (2) years for a 10-year term/20-year hybrid

Alternative measures explored to secure applications when LTV/DSCR adjustments are necessary based on competition in market:

- Maintain static principal payments
- Shorter amortization
- Reduce IO period during fixed-rate term
- Use of some base recourse

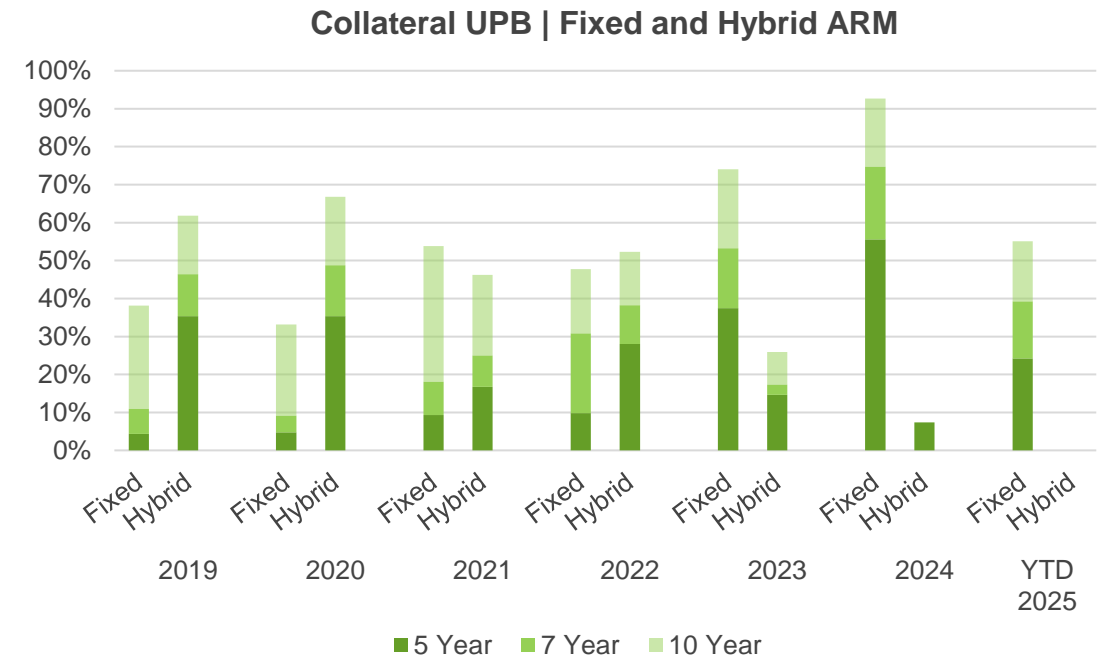
## SB-Deal Securitization Volume



Year	2019	2020	2021	2022	2023	2024	YTD 2025	Program Total
SB-Deal Volume (\$ Billion)	\$6.9	\$4.9	\$5.1	\$4.6	\$1.9	\$1.5	\$0.6	\$43.5

Note: SB-102 through SB-104 are fully guaranteed transactions

Small Balance Loan Program (SB-Deals) © Freddie Mac Multifamily

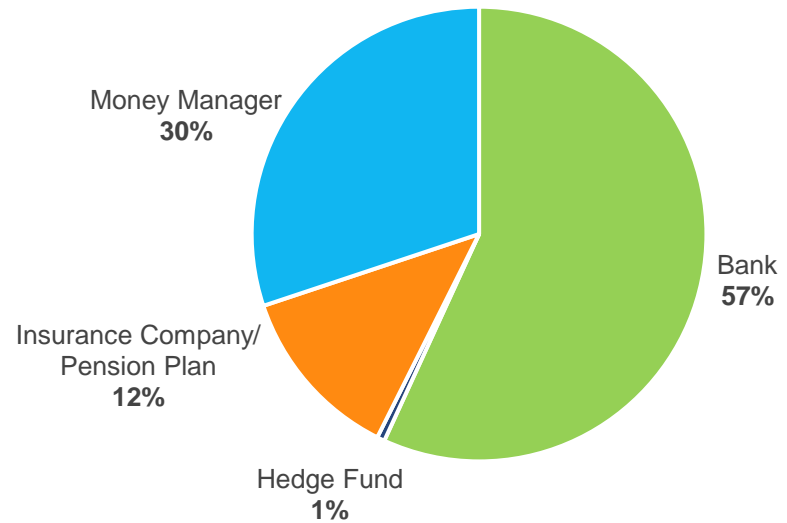


Rate Type	% of Issuance as of YTD 2025	# of Loans as of YTD 2025	YTD 2025 Issuance (\$ Billion)
Hybrid ARM	0%	0	\$0.0
Fixed Rate	100%	176	\$0.6
<b>Total</b>	<b>100%</b>	<b>176</b>	<b>\$0.6</b>



## Historical Investor Participation

**SB-Deal Investor Type<sup>1</sup>**



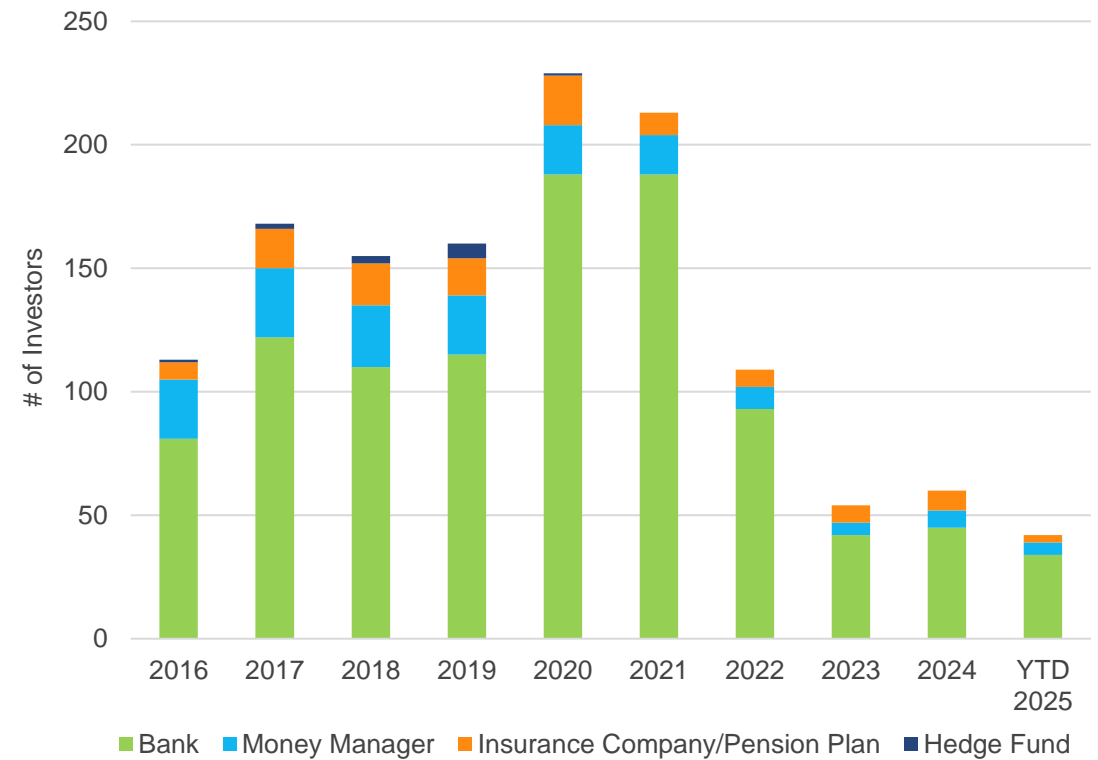
Since the SB-Deal program inception in 2015, the investor base has remained active:

- 589 investors historically with 42 participating through YTD 2025
- Average of 29 different accounts per transaction historically, with 26 per transaction through YTD 2025
- 14 subordinate investors historically, with two participating through YTD 2025

<sup>1</sup> Data reflects senior bond allocations for all deals closed in the life of the program. Data as of 3/31/2025

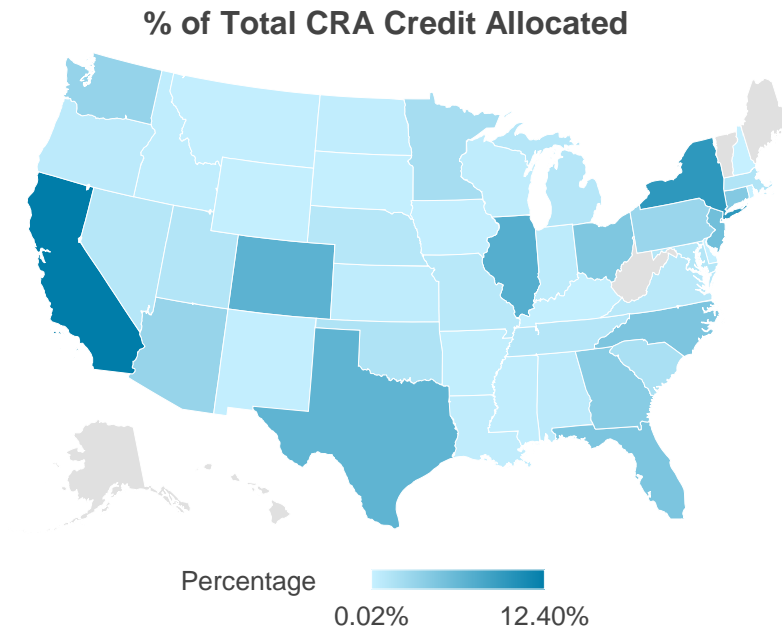
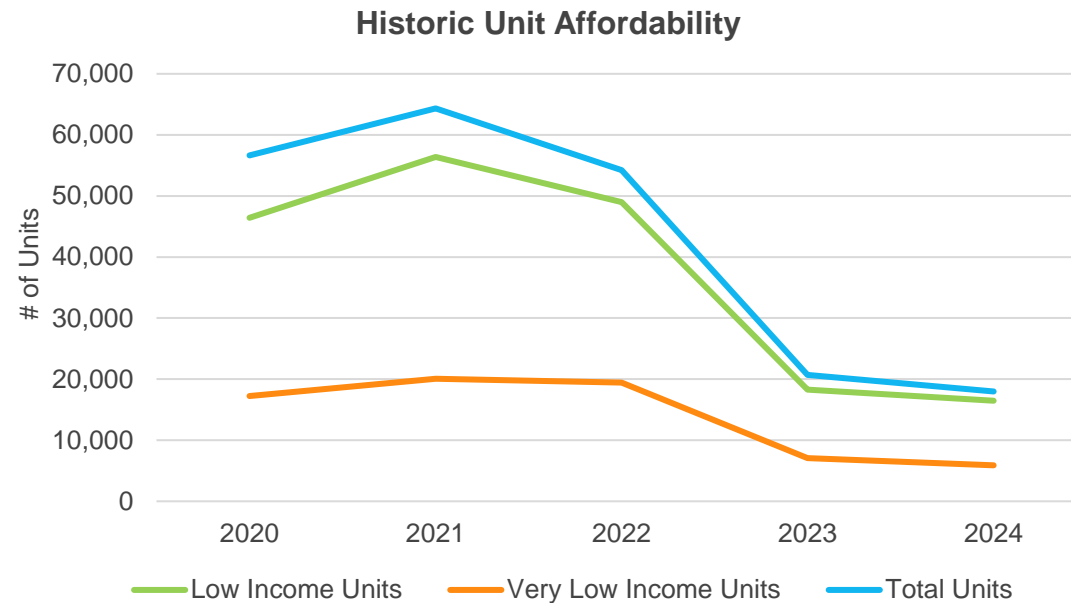
<sup>2</sup> Data reflects senior bond investor participation. Data as of 3/31/2025

**Investor Participation<sup>2</sup>**



## SB-Deal Program | Community Reinvestment Act (CRA)

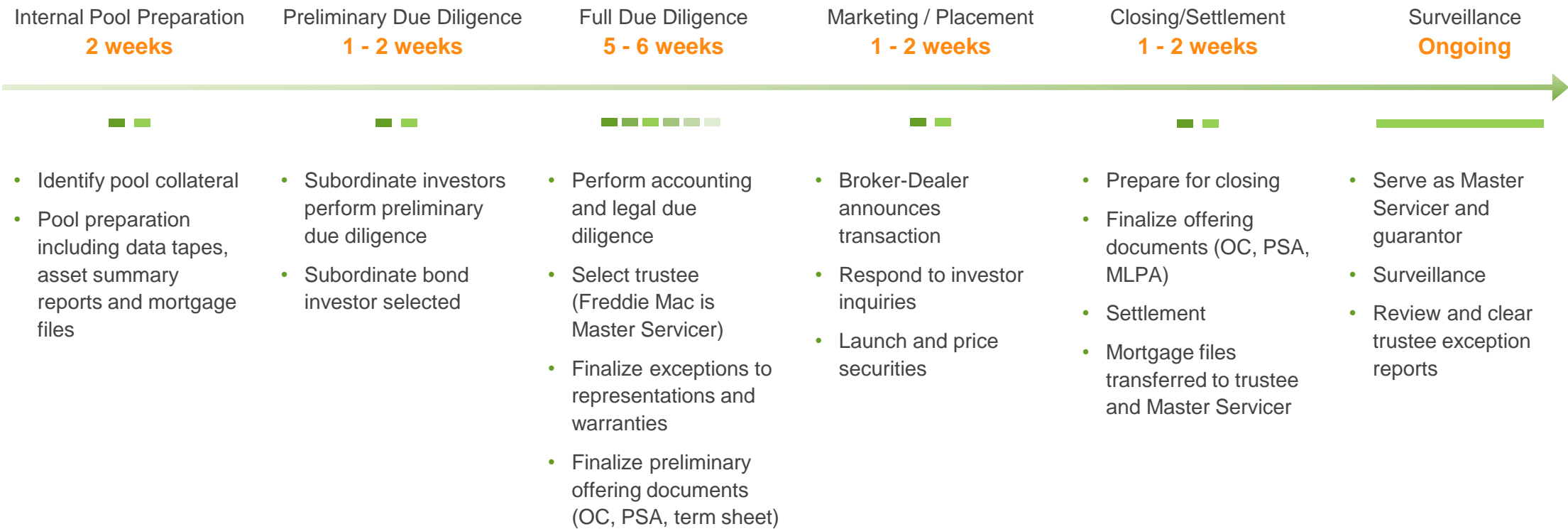
Since 2017, we have allocated \$5.3 billion of SB-Deal investments to investors seeking to meet their CRA needs<sup>1</sup>



- \$5.3 billion of loan balance has been issued to 249 SB-Deal investors, with \$380 million issued to 40 investors in 2024
- 395,655 low-income units ( $\leq 80\%$  of area median income, AMI) and 145,623 very low-income units ( $\leq 50\%$  of AMI) have been securitized in SB-Deals since mid-2017
- Our nationwide lending footprint provides investors the opportunity to meet their CRA needs with investments in properties across all 50 states
- SB-Deal investors have sought credit in 45 states

## Typical SB-Deal Issuance Timeline

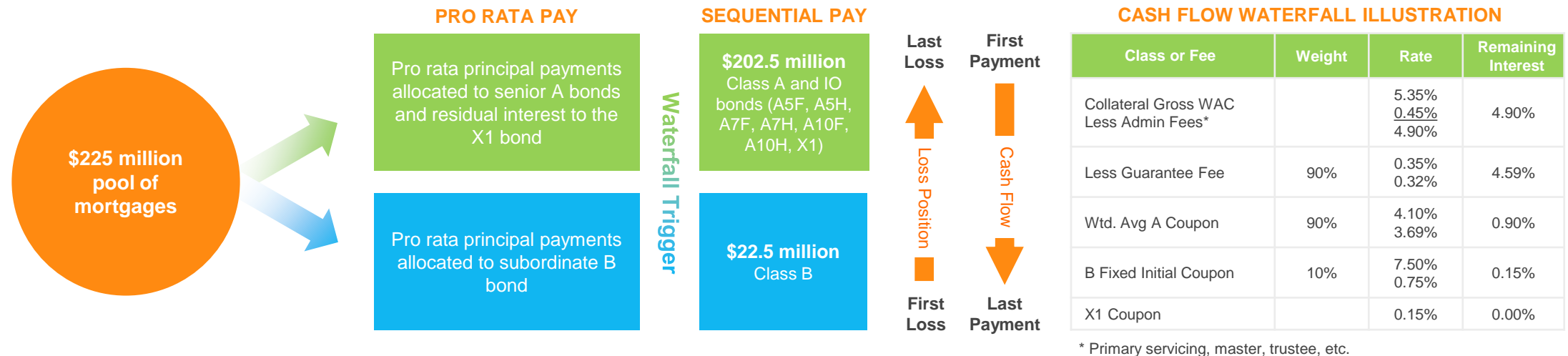
### Credit-Enhanced SB-Deals



## Structure and Waterfall Overview

### Senior-Subordinate SB-Deals

The SB-Deal structure mirrors the typical floating-rate K-Deal pro rata structure<sup>1</sup> with senior Freddie Mac guaranteed A bonds, a single Freddie Mac guaranteed interest-only bond ([the X1](#)) and a single subordinate bond<sup>2</sup>



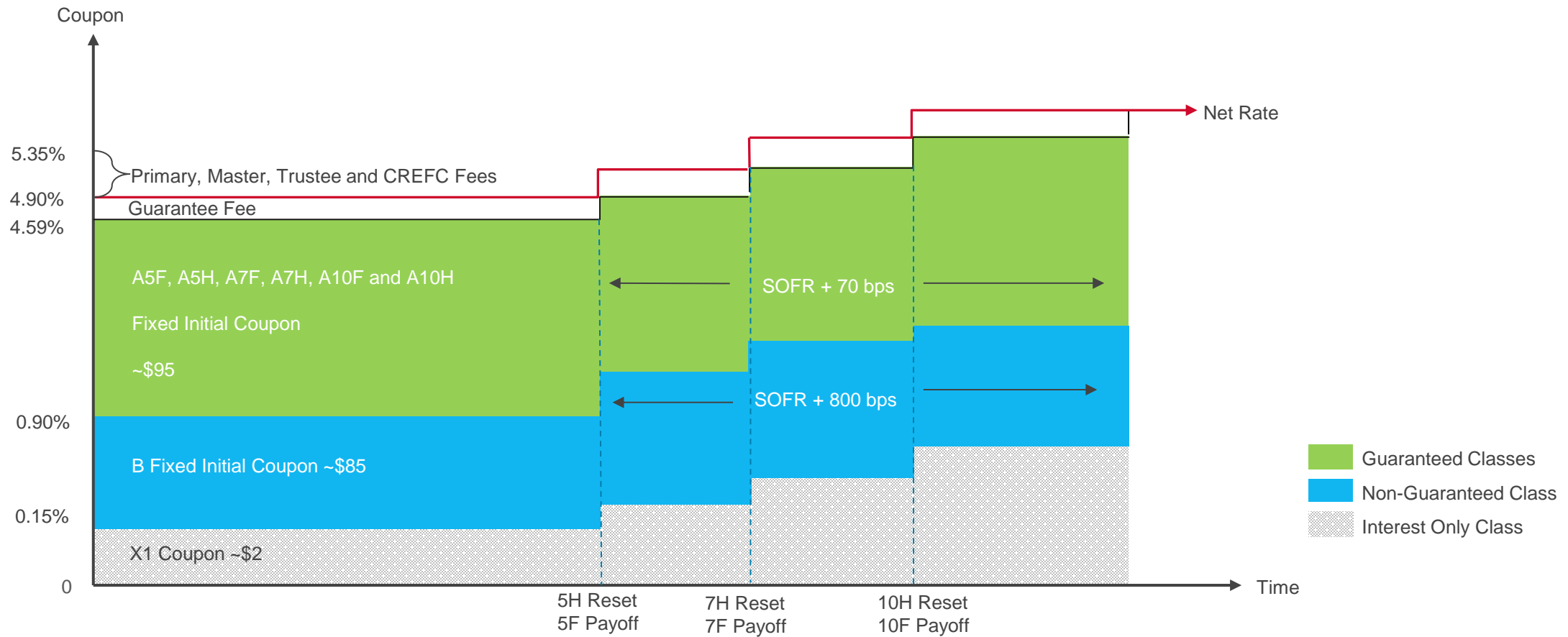
The securitization will switch from pro rata to sequential pay if a Waterfall Trigger Event occurs. The trigger events are:

- The unpaid principal balance (UPB) of the collateral (excluding specially serviced loans) is less than or equal to 15% of the initial pool balance
- The aggregate 60-day delinquency is greater than 5% of the collateral. In the event the 60-day delinquency subsequently falls below 5%, the transaction will revert to pro rata pay
- Credit support to Class A is less than 7.5%, and once credit support increases to 10%, the transaction will revert to pro rata pay

Each securitization will have a clean-up call (Optional Termination) when the collateral balance reaches 5% of the original pool balance, as outlined below

- The holders of a majority interest of the Controlling Class (excluding Freddie Mac), the special servicer and any third-party master servicer, in that order, will each in turn have the option to purchase all of the SBL Loans and all other property remaining in the Trust on any distribution date on which the total stated principal balance of the mortgage pool is less than 5% of the initial mortgage pool balance

## Sample SB-Deal Rate and Coupon Structure



Note: The graph above demonstrates the pro rata pay structure before a Waterfall Trigger. For actual bond pricing, the senior bonds assume a 5% CPR prepayment speed until the earlier of each underlying loan's maturity date or first interest reset date, at which time the loans are assumed to pay off in full. Pass-through rates (Coupon) for the fixed A classes pay a fixed coupon. Hybrid classes have a fixed coupon during the initial fixed period and then switch to 30-day Average SOFR + 70 bps. The pass-through rate for the X1 is based on residual cash flow after paying the As, B and Guarantee Fee. The B, after a period of receiving a fixed-rate from each group, switches to SOFR plus a margin. All are classes subject to capped rates per offering documents.

## Sample SB-Deal B-Piece Coupon Structure

- Freddie Mac sets the initial fixed-rate coupon for each class's fixed-rate period
- The B-piece component rates from each hybrid group will reset based upon the coupon reset date of the last loan in that particular group, at which time the B-piece component rate for that particular group will switch to SOFR + 800 bps
- After each component rate reset, the entire B coupon will continue to be the weighted average of each component. After the 10H component resets, the remaining hybrid classes will all contribute SOFR + 800 bps
- The B-piece coupon is subject to an available funds cap

Loan Type	UPB (\$Millions)	Balloon Term (Months)	Fixed Term (Months)	Remaining Fixed Period	Month 1 (Initial Fixed Coupon)	Month 60	Month 84	Month 120
5F	\$50	60	N/A	57	7.50%	N/A	N/A	N/A
7F	\$50	84	N/A	81	7.50%	7.50%	N/A	N/A
10F	\$150	120	N/A	117	7.50%	7.50%	7.50%	N/A
5H	\$150	240	60	57	7.50%	13.00%	13.00%	13.00%
7H	\$50	240	84	81	7.50%	7.50%	13.00%	13.00%
10H	\$50	240	120	117	7.50%	7.50%	7.50%	13.00%
<b>B-piece</b>	<b>\$50</b>				<b>7.50%</b>	<b>9.33%</b>	<b>10.25%</b>	<b>13.00%</b>

Note: The example shows sample seasoning during Freddie Mac's aggregation period. This coupon structure is only for SB-65 and forward. Prior SB-Deals provided for a different B-piece coupon structure. The coupon structure for SB-83 and forward is with SOFR. Prior SB-Deals used LIBOR. Assumes SOFR of 5.0%

## SB-119 | Transaction Highlights

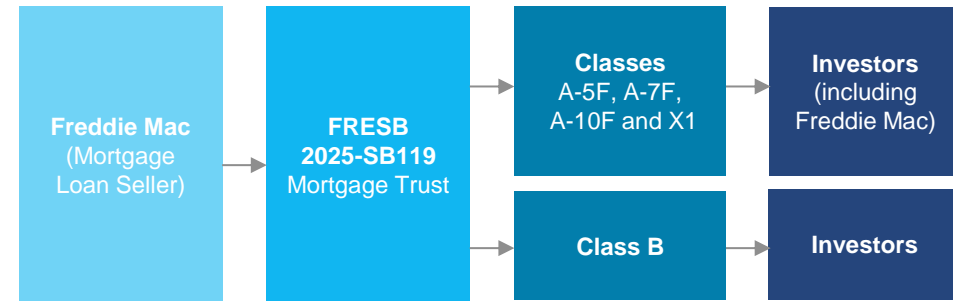
### Overview of Deal Structure (Pricing Date: March 19, 2025)<sup>1</sup>

Class	Initial Principal or Notional Amount	Pricing Spread	Assumed Weighted Average Life
<b>Offered SB-119 Certificates:</b>			
A-5F	\$92,037,773	J+46	4.14
A-7F	\$74,836,156	J+59	5.53
A-10F	\$86,062,056	J+78	7.47
X1	\$252,935,945	Auctioned	5.68
<b>Total Guaranteed</b>	<b>\$252,935,945</b>		

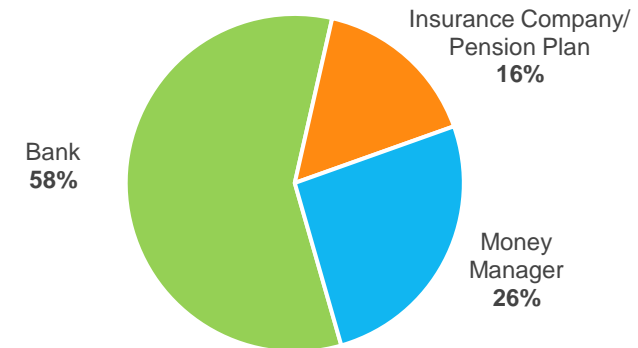
### Deal Characteristics<sup>2</sup>

<b>Collateral Type</b>	Multifamily Small Balance Loans
<b>Initial Underlying Pool Balance</b>	\$281,039,941
<b>Mortgage Loans</b>	88
<b>Rating Agencies</b>	Not Rated
<b>WA Initial Fixed Mortgage Interest Rate</b>	5.627%
<b>WA DSCR</b>	1.34x
<b>WA LTV</b>	64.4%
<b>WA Original Maturity</b>	88 Months
<b>Waterfall Structure</b>	Pro Rata <sup>3</sup>
<b>Top 5 State Concentrations</b>	CA (10.9%), TX (9.9%), OH (8.0%), WA (6.7%), FL (5.5%)

### Structural Diagram



### Breakdown of Investors (Classes A-5F, A-7F, A-10F)<sup>4</sup>

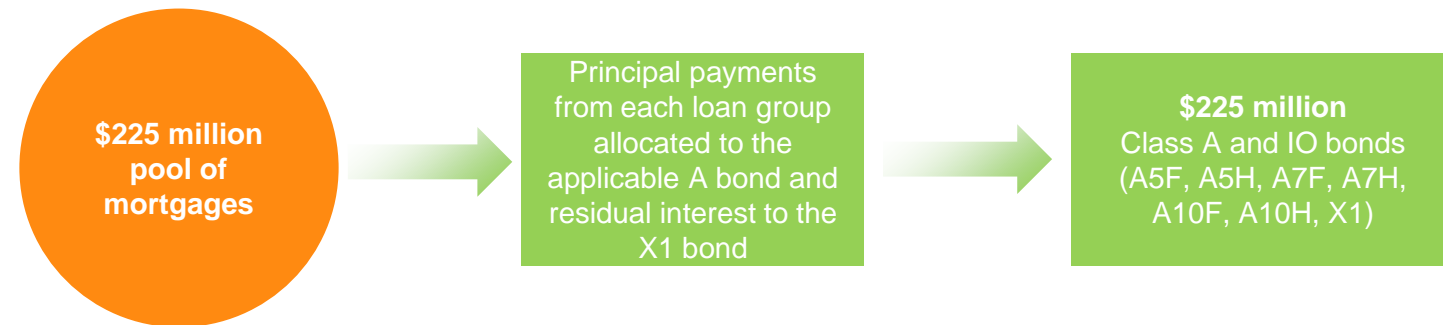


<sup>1</sup> Assumes a 5% CPR prepayment speed until the earlier of each underlying loan's maturity date or first interest reset date, at which time the loan is assumed to pay in full. <sup>2</sup> As of the Cut-off Date. <sup>3</sup> Waterfall structure will change from pro rata to sequential upon the earlier of (i) the aggregate Stated Principal Balance of the underlying loans as of the related determination date is less than or equal to 15% of the initial Principal Balance of the pool (ii) aggregate loans that are at least 60 days delinquent is greater than 5% of pool balance UPB or (iii) the Class B percentage is less than 7.5% as of the related distribution date. <sup>4</sup> As of the Closing Date

## Structure and Waterfall Overview

### Fully Guaranteed SB-Deals

The SB-Deal structure, from SB-102 to SB-104, has 100% Freddie Mac guaranteed A bonds and a single Freddie Mac guaranteed interest-only bond ([the X1](#))



#### CASH FLOW WATERFALL ILLUSTRATION

Class or Fee	Weight	Rate	Remaining Interest
Collateral Gross WAC Less Admin Fees*		4.75% <u>0.50%</u> 4.25%	4.25%
Less Guarantee Fee	100%	0.95% 0.95%	3.30%
Wtd. Avg A Coupon	100%	3.15% 3.15%	0.15%
X1 Coupon		0.15%	0.00%

\* Primary servicing, master, trustee, etc.

Each securitization has a clean-up call (Optional Termination) when the collateral balance reaches 5% of the original pool balance. Please refer to the applicable Offering Circular for more details.



## SB-104 | Transaction Highlights

### Overview of Deal Structure (Pricing Date: November 8, 2022)<sup>1</sup>

Class	Initial Principal or Notional Amount	Pricing Spread	Assumed Weighted Average Life
<b>Offered SB-104 Certificates:</b>			
<b>A-5F</b>	\$101,290,444	P+78	4.05
<b>A-5H</b>	\$98,066,642	P+105	4.16
<b>A-10F</b>	\$100,237,708	P+128	7.20
<b>A-10H</b>	\$96,933,969	P+140	7.13
<b>X1</b>	\$396,528,763	Auctioned	5.63
<b>Total Guaranteed</b>	<b>\$396,528,763</b>		

### Deal Characteristics<sup>2</sup>

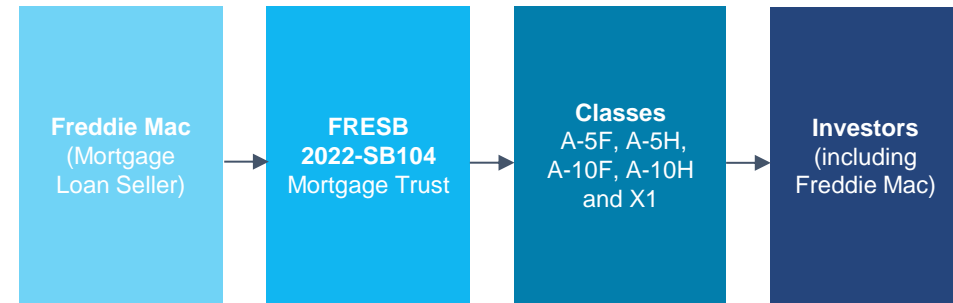
<b>Collateral Type</b>	Multifamily Small Balance Loans
<b>Initial Underlying Pool Balance</b>	\$396,528,764
<b>Mortgage Loans</b>	149
<b>Rating Agencies</b>	Not Rated
<b>WA Initial Fixed Mortgage Interest Rate</b>	4.22%
<b>WA DSCR</b>	1.34x
<b>WA LTV</b>	63.8%
<b>WA Original Maturity</b>	164 Months
<b>Waterfall Structure</b>	Pro Rata <sup>3</sup>
<b>Top 5 State Concentrations</b>	NY (18.8%), CA (13.3%), MI (9.9%), MA (8.3%), WA (8.2%)

<sup>1</sup> Assumes a 5% CPR prepayment speed until the earlier of each underlying loan's maturity date or first interest reset date, at which time the loan is assumed to pay in full

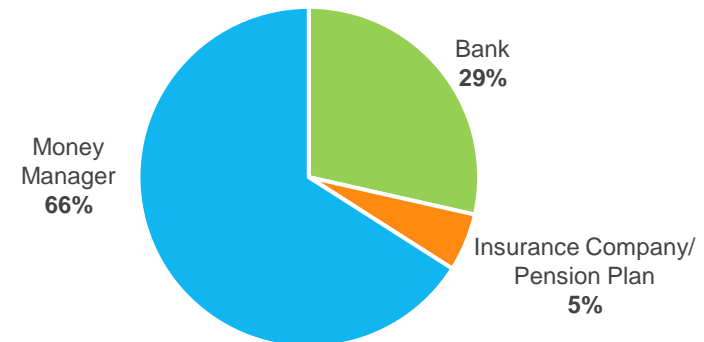
<sup>2</sup> As of the Cut-off Date

<sup>3</sup> As of the Closing Date

### Structural Diagram

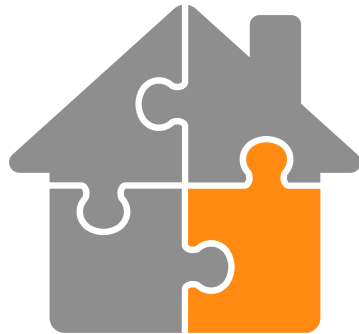


### Breakdown of Investors (Classes A-5F, A-5H, A-10F, A-10H)<sup>3</sup>



## SB-Deals Performance

**Freddie Mac is an active and consistent issuer of top-quality multifamily securities**, featuring transparency and consistency on collateral and deal information



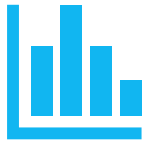
- As of March 31, 2025, the SB-Deal program has grown to include:
  - **119** SB-Deal transactions<sup>3</sup>
  - **\$43.5 billion** in combined issuance
  - **\$24.6 billion** current outstanding balance
  - **16,127 loans** (original loan count)
  - **96.66%** of the SBL Loans are current
- **393 loans** are assigned to special servicing (representing ~464 bps of outstanding principal)
- There have been **\$79.0 million** in total realized losses (representing approximately ~18.2 bps of total issuance)
- **6,509 loans** have paid off through March 2025
- **16.2%** (1,635 loans) of the outstanding loan population (by outstanding principal) is on the servicers' watchlist<sup>1</sup>
- Deals SB-3, SB-8 and SB-19 are seasoned loan executions. Since SB-19, these kind of seasoned deals are no longer issued through the SB securitization path<sup>2</sup>

<sup>1</sup> The respective primary servicers maintain a watchlist for each securitization. Loans are added to and removed from the master servicer's watchlist in accordance with criteria established by CREFC. View the [SB-Deal Performance Data](#) presentation for additional details.

<sup>2</sup> These loans were originated by lenders that are not part of the Optigo network and the loans are not on Freddie Mac paper

<sup>3</sup> SB-102, SB-103 and SB-104 are fully guaranteed

## Loan Performance Resources at Your Fingertips



**Performance data** for our SB-Deals is updated monthly and is available at our [Securities & Performance Lookup webpage](#)



**Loan-level performance and reporting** can be accessed in our [Multifamily Securities Access tool](#)



**Historical information** on certain Multifamily whole loans and securitized loans is available in the [Multifamily Loan Performance Database](#)

Key Metrics	SB-Deal®
Combined Issuance	\$43.5B
Number of Deals	119
Original Loan Count	16,127
Paid-Off Loans	6,509
Delinquency Status	3.3%
Aggregate Losses	\$79.0M
Loans in Special Servicing	393
Unpaid Balance on Watchlist*	16.2%

\*The respective master servicers maintain a watchlist for each securitization. Loans are added to and removed from the watchlist in accordance with criteria established by CREFC

\*\* Performance data through March 31, 2025



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