

# Floating-Rate Loan



## Low Rates, Customized Terms and Certainty of Execution

Our floating-rate loan is ideal for borrowers who want to take advantage of lower, short-term rates with prepayment flexibility. You get a streamlined yet flexible financing solution at our lowest, most competitive note rate. Choose from a variety of interest rate cap coverage and prepayment provision options to suit the borrower's loan characteristics and needs.

### The Freddie Mac Difference

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

Contact your Freddie Mac Multifamily representative today — we're here to help.

### Borrowers Who Want to Know More

Contact one of our Optigo lenders at [mf.freddie.mac.com/borrowers/](https://mf.freddie.mac.com/borrowers/).

### Product Snapshot

- Generally \$7.5 million to \$100 million; however larger or smaller loan amounts are considered
- Limited partnership, corporation, limited liability company or tenancy in common
- Over \$7.5 million must be Single Purpose Entity
- Under \$7.5 million, borrower may be a Single Asset Entity
- We support eligible mixed-use properties

### Green Advantage®

Our Freddie Mac Multifamily **Green Advantage** initiative rewards borrowers who improve their properties to save energy or water.

## ► Conventional: Floating-Rate Loan

Eligible Borrowers	<ul style="list-style-type: none"> <li>Borrower may generally be a limited partnership, corporation, limited liability company or a tenancy in common (TIC) with 10 or fewer tenants in common</li> <li>General partnerships, limited liability partnerships, real estate investment trusts (REITs) and certain trusts may also be acceptable in limited circumstances, subject to additional requirements</li> <li>Borrower must generally be a Single Purpose Entity (SPE) (see Section 6.13 of the Loan Agreement for basic SPE requirements); however, on loans less than \$7.5 million, upon borrower's request, a borrower other than a TIC may be a Single Asset Entity instead of an SPE</li> <li>If the borrower is structured as a TIC, each tenant in common must be an SPE</li> </ul>
Eligible Property Types	Standard multifamily housing, student housing, seniors housing, manufactured housing communities and Targeted Affordable Housing (e.g., cash LIHTC Year 4-10 and 11-15, Section 8 loans), conventional structured transactions. Floating-rate loans are not available for cooperative housing
Terms	5-, 7- and 10-year terms
Amount	Generally, \$7.5 million to \$100 million (smaller and larger loans will be considered)
Pricing Index	30-day Average SOFR
Early Rate-Lock Option	<a href="#">Early rate-lock</a> option available for varying durations, typically ranging from 60 to 120 days from rate-lock until Freddie Mac purchase; Optigo lenders should consult with their regional Freddie Mac representative to determine eligibility
Interest-Only Period	Partial-term and full-term interest-only available; see table below and related footnotes
Interest Rate Cap	Expanded the number of cap options available. Borrower may obtain its own cap coverage from a third-party provider (see our <a href="#">Approved Counterparties List</a> for a list of approved providers, which we have increased); see the <a href="#">Interest-Rate Cap Options for Floating-Rate Cash Loans</a> with a 7-Year Term example.
Maximum Amortization	30 years
Amortization Calculations	Actual/360
Lock-out/Prepayment Provisions	Four lock-out/prepayment options available (see chart below) with no premium for final 90 days; other options are available for loans that are not intended to be securitized. Borrowers should contact a Freddie Mac Multifamily Optigo lender for more information; Optigo lenders should contact their Freddie Mac representative.
Tax and Insurance Escrow	Generally required
Replacement Reserve Deposit	Generally required
Recourse Requirements	Non-recourse except for standard carve-out provisions

## ► Conventional: Floating-Rate Loan

Supplemental Loan Availability	Yes, subject to requirements specified in the Loan Agreement
Application Fee	Greater of \$2,000 or 0.1% of loan amount for conventional first mortgages; supplemental and seniors housing loans are > \$5,000 or 0.15% of loan amount; supplemental loans are > \$5,000 or 0.1% of loan amount and Targeted Affordable Housing Loans are > \$3,000 or 0.1% of loan amount
Refinance Test	No <a href="#">Refinance Test</a> is necessary if the loan has an amortizing debt coverage ratio (DCR) of 1.40x or greater and a LTV ratio of 60% or less

### Lock-out/Prepayment Provisions

You can choose from four prepayment provisions when structuring Freddie Mac standard, capped or uncapped floating-rate loans. Each option offers no prepayment premium for the last 90 days of the loan term.

Prepayment Premium	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Option 1	Locked out	1%	1%	1%	1%	1%	1%	1%
Option 2	3%	2%	1%	1%	1%	1%	1%	1%
Option 3	5%	4%	3%	2%	1%	1%	1%	1%
Option 4 (only for 10-year capped floating-rate loan)	7%	6%	5%	4%	3%	2%	1%	1%

**LTV Ratios and Amortizing<sup>1</sup> DCR**

Floating-Rate Base Conventional Maximum LTV and Minimum DCR <sup>1</sup>	(For specific product adjustments, refer to individual term sheets)		
	Amortizing	Partial-Term Interest-Only <sup>2</sup>	Full-Term Interest-Only
≥ 5-Year and < 7-Year Term	75% / 1.25x	75% / 1.25x	65% / 1.35x
≥ 7-Year Term	80% / 1.25x	80% / 1.25x	70% / 1.35x

<sup>1</sup> The DCR calculated for the partial-term interest-only and full-term interest-only period uses an amortizing payment at the sizing note rate. Adjustments may be made depending on the property, product, market and/or sponsor

<sup>2</sup> For partial-term interest-only loans, there must be a minimum amortization period of 5 years for loans with terms greater than 5 years. Acquisition loans with 5-year terms may have up to 1 year of partial-term interest-only. For terms of 10 years or more, loans may have interest only in an amount equal to no more than half of the loan term.

**For More Information**

Contact your Freddie Mac representative.