PRODUCT SNAPSHOT

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 Sellers 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 approved Seller/Servicers at:

FreddieMac.com/multifamily/lenders

- Six hybrid ARM and fixed-rate options
- Non-recourse
- Interest-only available
- Up to 80% LTV in certain markets
- 30-year amortization
- Declining prepayment options
- Coupon pricing
- Certainty of execution
- Your servicing partner for the life of your loan

Freddie Mac MULTIFAMILY

FreddieMac.com/multifamily/product/

Eligible Seller/Servicers	Freddie Mac-approved Small Balance Loan Seller/Servicers
Markets	Nationwide
Loan Amount	▪ $1 million to $6 million in all markets ▪ Between $6 million and $7.5 million for properties with 75 units or less in Top and Standard SBL Markets
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 loan
Amortization	Up to 30 years
Interest-Only	Partial-term interest-only; full-term interest-only may be available
Prepayments	Declining 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 U.S. citizens; limited partnerships; limited liability companies; Single Asset Entities; Special Purpose Entities; tenancy in common 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
Recourse	Non-recourse with standard carve-out provisions required
Subordinate Debt	Not Permitted
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[1] residential units or more, including: – Cooperatives in the five boroughs of New York City and Long Island – Properties with tax abatements – Seniors housing with no resident services – Properties with space for certain commercial (non-residential) uses[2] – Properties with tenant-based housing vouchers – 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)[3] – 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[3] – Properties with certain regulatory agreements that impose income and/or rent restrictions, provided all related funds have been disbursed[3] [1] Entity borrower required for properties in New Jersey with less than seven units [2] Contact your Freddie Mac representative for details. [3] Available for properties with 75 units or less; requires pre-screen approval from Freddie Mac SBL Production
Ineligible Properties	▪ Seniors housing with resident services ▪ Student housing (greater than 50% concentration) ▪ Military housing (greater than 50% concentration) ▪ Properties with project-based housing assistance payment contracts (including project-based Section 8 HAP contracts) ▪ LIHTC properties with LURAs in compliance years 1 through 12 ▪ Historic Tax Credit (HTC) properties with a master lease structure ▪ Tax-exempt bonds Interest Reduction Payments (IRPs)

Occupancy	Property must be stabilized at: A. 90% physical occupancy for the trailing 3-month average prior to Underwriting, or B. 85% physical occupancy for the trailing 3-month average prior to Underwriting if the subject property has any of the following characteristics: i. Property is recently built or renovated in a Top Market ii. Property is <30 units iii. Acquisition with all of the following: ▪ Sophisticated acquiring sponsorship and management relative to current ownership ▪ Appraised occupancy and/or rents materially higher than subject's current operations ▪ Subject property has not experienced volatile historical occupancy swings ▪ No history of serious crime at the subject property
Replacement Reserves	Underwritten replacement reserves will be determined based on a rating established in the streamlined PNA. The rating will estimate the level of improvements needed over the life of the loan. The rating scale will be similar to below: Amount: $200 — Level: Low Amount: $250 — Level: Moderate Amount: $300 — High
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 120-day rate-lock period available

Fixed-Rate/Hybrid ARM LTV Ratios and Amortizing DCRs

LTV and DCR requirements vary based on the market tier in which the property resides: Top Market, Standard Market, Small Market, or Very Small Market. To determine market tier, please consult the SBL Market Tiering list on our SBL Originate and Underwrite page.

	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

Full-Term Interest-Only (IO) 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%

Maximum available Partial IO Period for Small and Very Small SBL Markets is limited to:

- 0 years on 5-year term
- 1 year for a 7-year term
- 2 years for a 10-year term/20-year hybrid

Prepayment Provisions

Fixed Rate

	5-Year	7-Year	10-Year
Option 1	54321	5544321	5544332211
Option 2[2]	321(3)	3(2)2(2)1(3)	3(3)2(3)1(4)
Option 3[3]	(YM or 1%)	(YM or 1%)	(YM or 1%)
Option 4[5]	310(3)	N/A	N/A

Hybrid ARMs[1]

	5+15 Year	7+13 Year	10+10 Year
Option 1	54321, 1%	5544321, 1%	5544332211, 1%
Option 2[2]	321(3), 1%	3(2)2(2)1(3), 1%	3(3)2(3)1(4), 1%
Option 3[4]	(YM or 1%) + 1%, 1%	(YM or 1%) + 1%, 1%	(YM or 1%) + 1%, 1%
Option 4[5]	310(3), 0%	N/A	N/A

[1] 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%.

[2] Prepay description: For example, for a Hybrid ARM "321(3), 1%" refers to 3% for year 1 of the fixed-rate period, 2% for year 2, 1% for the next 3 years, then 1% during the remaining floating-rate period.

[3] Higher of yield maintenance (YM) or 1% during the YM period. See Fixed Rate notes for details.

[4] With respect to Hybrid ARM mortgage loans with yield maintenance, for any prepayment made during the yield maintenance period, the prepayment charge will initially be the greater of (i) 1.0% of the unpaid principal balance or (ii) yield maintenance, plus 1% of the projected unpaid principal balance outstanding as of the first payment date after the Initial Fixed Rate Period. Any prepayment made after the yield maintenance period, the prepayment charge will be 1.0% of the unpaid principal balance. See Hybrid ARM notes for details. 5 Top Markets only on 5-year fixed and Hybrid ARMs.