



PRODUCT SNAPSHOT

# Seasoned Loan Pool Credit Enhancement

## For Small Financial Institutions

Our seasoned loan pool credit enhancement provides loss sharing options to small financial institutions so they can continue to grow and support affordable housing via new lending.

### 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.

- Flexible cost-effective structure
- Small financial institutions can achieve a loss sharing arrangement with Freddie Mac
- Freddie Mac underwrites the pool of seasoned loans and provides credit protection for a senior position in the pool



<b>Product Customer</b>	Small financial institution or community bank with \$10 billion or less in assets
<b>Pool Size</b>	Optimal pool size of \$100 million or greater in aggregate UPB
<b>Collateral</b>	Small balance multifamily loans and multifamily mortgage loans secured by properties with 9% Low-Income Housing Tax Credits that were originated at least 12 months prior to the transaction closing date
<b>Freddie Mac Guarantee</b>	Freddie Mac will enter into an agreement whereby Freddie Mac will accept responsibility for a senior tranche of credit risk relative to an identified pool. The loans remain on the product customers balance sheet, but credit risk is shared via the transaction agreement.
<b>Flexible Structure</b>	Freddie Mac can customize the level of credit support. Material cost savings in comparison to a pool securitization. In comparison to a securitization: no third-party trusts. No investment banking fees. Reduced legal fees.
<b>First-Loss Obligation</b>	The Product Customer is required to maintain a first-loss position in the pool
<b>Property Level Characteristics (Min./Max.)</b>	<ul style="list-style-type: none"> <li>Loans &lt;\$1 million: 1.50x DCR/60% LTV</li> <li>Loans &gt;\$1 million: 1.20x DCR/80% LTV</li> </ul> <p>Open to any loan term but underwriting will be based on 30-year amortization</p>
<b>Collateral Due Diligence</b>	Freddie Mac will be entitled to conduct a full underwriting and due diligence review of all the loans, including interior and exterior physical inspections, borrower and guarantor credit, property financials and rent rolls, environmental, compliance, valuation, and collateral files and servicing files.
<b>Servicing</b>	The Product Customer must be approved by Freddie Mac as a Freddie Mac Multifamily Optigo Servicer
<b>Seasoning</b>	All loans must have 12 months or more of seasoning by closing/settlement

Seasoned Loan Pool Credit Enhancement Example

