

Student Housing Loan



Custom Financing for a Specific Purpose

Since 2010, Freddie Mac has originated over \$9 billion and securitized almost \$5 billion in purpose-built student housing loans. As a leader in the student housing finance sector, we offer extensive experience with this product type and can customize loans to fit your needs. Our expertise provides a robust understanding of student housing's specific attributes and a large breadth of familiarity with most universities across the country.

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/.

Product Snapshot

- Ability to achieve up to 80% LTV
- Interest-only loans available and can vary by loan term and leverage levels
- Ability to obtain a supplemental loan within one year of financing
- All dedicated student property types are eligible for financing, including garden, cottage, mid-rise and high-rise properties
- Newly built properties or assets with less than two years of stabilized operating history may require DCR/LTV adjustments
- Pre-leasing reserve requirement could be applicable during specific time periods and pre-leasing levels

► Conventional: Student Housing Loan

Eligible Borrowers	<ul style="list-style-type: none"> • Borrower may be a limited partnership, corporation, limited liability company or a tenancy in common (TIC) with 10 or fewer tenants in common • General partnerships, limited liability partnerships, real estate investment trusts (REITs) and certain trusts may also be acceptable in limited circumstances, subject to additional requirements • Borrower must generally be a Single Purpose Entity (SPE); however, on loans less than \$5 million, upon borrower's request, a borrower other than a TIC may be a Single Asset Entity instead of an SPE • If the borrower is structured as a TIC, each tenant in common must be a SPE
Eligible Property Types	<ul style="list-style-type: none"> • Purpose-built student housing properties; must have a minimum of one bathroom for every two bedrooms, and each apartment must have a separate full kitchen • Stabilized garden, mid-rise and high-rise apartment properties that are greater than 50% occupied by student tenants • Focused on colleges/universities with increasing enrollment trends • Property is located less than 2 miles from college/university or on a public transportation route
Terms	5-10 years (up to 30 years for fixed-rate loans if loan is not purchased for securitization)
Amount	Generally, \$5 million to \$100 million (larger and smaller loans will be considered)
Maximum Amortization	30 years
Financing Options	Acquisition or refinance
Ground Lease	Ground lease for land owned by a college or university may be permitted with prior approval
Lease Parameters	<ul style="list-style-type: none"> • Individual tenant lease by the apartment, bedroom or by the bed • Rent under a master lease may be permitted with prior approval
Lease Terms	12-month lease is preferred, although a shorter lease (of nine months or more) will be considered
Lease Guaranty	Parental guaranty is preferred
Recourse Requirements	Non-recourse except for standard carve-out provisions
Supplemental Loans	Available subject to requirements in the Loan Agreement and current Freddie Mac program and product requirements at the time of the supplemental loan request
Exclusions	Residence halls or other multiple occupancy rooms with a shared common bathroom and centralized food service areas or dining halls
Tax and Insurance Escrow	Generally required

► Conventional: Student Housing Loan

Replacement Reserve Deposit	Generally a minimum of \$150 per bedroom or \$300 per unit
Application Fee	Greater of \$2,000 or 0.1% of loan amount
Early Rate-Lock Options (for Fixed-Rate Loans)	Early rate-lock and Index Lock options available; Optigo lenders should consult with their regional Freddie Mac representative to determine eligibility
Other Options and Requirements	Please refer to the Fixed-Rate Loan or Floating-Rate Loan term sheets for additional information
Refinance Test	No Refinance Test is necessary if the loan has an amortizing debt coverage ratio (DCR) of 1.40x or greater and a loan-to-value (LTV) ratio of 60% or less

LTV Ratios and Amortizing¹ DCR²

Student Housing Base Conventional Maximum LTV and Minimum DCR	Fixed-Rate and Floating-Rate ³ LTV/DCR		
	Amortizing	Partial-Term Interest-Only ⁴	Full-Term Interest-Only
Acquisitions and Refinances			
≥ 5-Year and < 7-Year Term	75% / 1.30x	75% / 1.30x	65% / 1.40x
≥ 7-Year Term	80% / 1.30x	80% / 1.30x	70% / 1.40x

¹ The DCR calculated for the partial-term interest-only and full-term interest-only periods uses an amortizing payment.

² Adjustments may be made depending on the property, product and/or market. For properties with less than two years of leasing operations, subtract 5% from the LTV and add 0.05 to the DCR.

³ Floating-rate proceeds are calculated based on the comparable fixed note rate.

⁴ 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 one 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.