

Supplemental Loan (K-J Deal) Program Handout

Our supplemental loan program gives borrowers access to additional capital at a cost lower than refinancing. The strong performance of our securities is a result of our disciplined credit approach, high-quality borrowers and industry-leading Servicing Standard. The addition of the supplemental loan securitization (K-J Deal) product was formally announced in 2015.

Total Issuance as of December 31, 2023
\$14.0 Billion

2023 Total Issuance
\$1.5 Billion

8.65% of active K-Deals® by loan count have active add-on supplemental loans (as of December 31, 2023)

Freddie Mac has not realized **any credit losses** on our K-Deal guaranteed classes to date

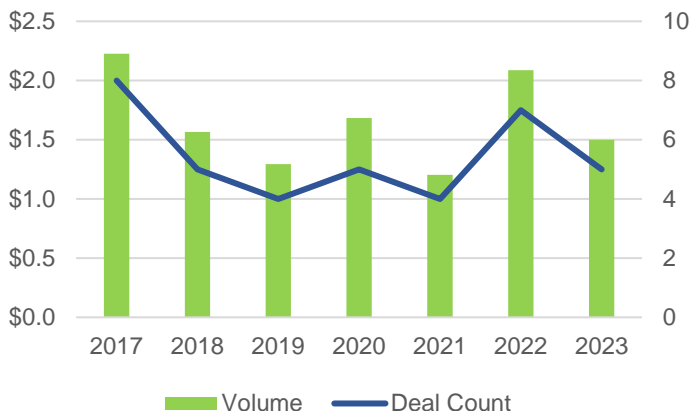
Securitization Program Strengths

- Strong Credit
- Diversification
- Transparency
- Freddie Mac Guarantee
- Best-in-Class Servicing Standard
- Strong Performance

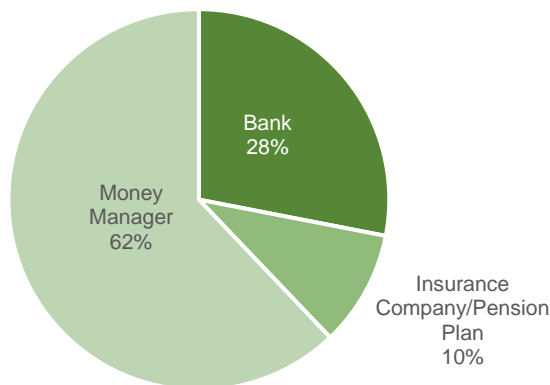
Supplemental Loan Highlights

- Call protection
- LTV and DSCR ratios are the same as our conventional K-Deals
- All loans are required to be re-underwritten based on current performance and new appraisal
- No balloon payment before the maturity of the existing mortgages

Execution Volume and Deal Count (\$ Billions)



Historical Investor Breakdown by Total Proceeds Invested¹



Sample K-J Deal Subordination Structure – Pro Rata Pay



- Senior classes are not rated but are backed by the Freddie Mac Guarantee
- Principal collected is distributed pro rata, unless a Waterfall Trigger Event has occurred and is continuing
- A “Waterfall Trigger Event” occurs when (i) the number of non-specially serviced loans remaining in the pool falls below the designated threshold as defined in the securitization documents or (ii) the total outstanding principal balance of the non-specially serviced loans is less than a pre-determined percentage of the initial total pool balance
- Master Serviced by Freddie Mac

¹ Data reflects senior bond allocation for all deals issued since the inception of the program. Data as of 12/31/2023

General Underlying Loan Characteristics

Eligible Loans	<ul style="list-style-type: none"> All existing mortgages encumbering the property must be in good standing with satisfactory payment history All supplemental loans are generally coterminous with the first mortgage; and at least 12 months must elapse since the origination of the first mortgage or the closing of the most recent supplemental loan The first mortgage and all subsequent supplemental loans must have three years or more remaining in the initial term
Eligible Programs	<ul style="list-style-type: none"> Conventional, Targeted Affordable Housing, Seniors Housing and Conventional Structured Transactions
Loan Term	<ul style="list-style-type: none"> Supplemental loan must not require a balloon payment before the maturity of the existing mortgages
Prepayment Protection	<ul style="list-style-type: none"> Structured as yield maintenance loans
Debt-Service Coverage Ratio (DSCR) and Loan-to-Value Ratio (LTV)	<ul style="list-style-type: none"> All DSCRs and LTVs for supplemental loans are calculated based on the sum of the UPBs of the current senior mortgage and any junior mortgages encumbering the property, and the proposed supplemental loan The combined DSCR and LTV cannot exceed the senior lien mortgage credit parameters at origination
Cross Collateralization	<ul style="list-style-type: none"> Every supplemental loan must be cross-collateralized and cross-defaulted with each senior mortgage on the same property

Loan to Value (LTV) Ratios and Amortizing Debt Service Coverage Ratios (DSCR)

Supplemental Loan Base Maximum LTV and Minimum DSCR	Fixed-Rate LTV/DSCR and Floating-Rate LTV/DSCR (DSCR at comparable fixed-note rate)		
	Amortizing	Partial-Term Interest Only	Full-Term Interest Only
≥ 3-Year and < 5-Year Term	75% / 1.35x	75% / 1.35x	65% / 1.45x
≥ 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

Additional Resources

K-Deal Investor Presentation: https://mf.freddie.mac/docs/kdeal_investor_presentation.pdf

Multifamily Issuance Calendar: https://mf.freddie.mac/docs/mf_issuance_calendar.pdf

K-Deal Performance Data Presentation: https://mf.freddie.mac/docs/k_deal_performance_presentation.pdf

For additional information, please contact: MF_CM_InvestorRelations@freddiemac.com or visit our website at mf.freddie.mac.com

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