



# Freddie Mac Floating-Rate

## Acquisition or Refinancing of Multifamily Properties

### Eligible Borrowers

- Borrower may generally 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, 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 an SPE.

### Eligible Properties

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, \$5 million to \$100 million (smaller and larger loans will be considered).

### Pricing Index

1-month LIBOR index<sup>1</sup>.

### Early Rate-Lock Option

[Early rate-lock](#) option available for varying durations, typically ranging from 60 to 120 days from rate-lock until Freddie Mac purchase.

### Interest-Only Period

Partial-term and full-term interest-only available; see chart below and related footnotes.

### Interest Rate Cap

Borrowers may obtain their own cap coverage from a Freddie Mac approved third-party provider. To understand caps, see the [Interest-Rate Cap Options for Floating-Rate Cash Loans with a 7-Year Term example](#). No cap necessary for loans with a Loan-to-Value (LTV) ratio of less than 60%.

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<b>Maximum Amortization</b>	30 years.
<b>Amortization Calculations</b>	Actual/360.
<b>Lock-out/Prepayment Provisions</b>	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.
<b>Tax and Insurance Escrow</b>	Generally required.
<b>Replacement Reserve Deposit</b>	Generally required.
<b>Recourse Requirements</b>	<b>Non-recourse</b> except for standard carve-out provisions.
<b>Supplemental Loan</b>	Available, subject to requirements specified in the Loan Agreement.
<b>Application Fee</b>	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.
<b>Lock Options</b>	Early rate-lock option available for varying durations, typically ranging from 60 to 120 days until Freddie Mac purchase; Index Lock option is also available.
<b>Refinance Test</b>	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.

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### Lock-out/Prepayment Provisions<sup>1</sup>

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%	3%	1%	1%	1%	1%
Option 4*	7%	6%	5%	3%	3%	2%	1%	1%

\* Only for 10-yr capped floating-rate loan.

### Loan-to-Value (LTV) Ratios and Amortizing<sup>2</sup> Debt Coverage Ratios (DCR)

Floating-Rate Base Conventional Maximum LTV and Minimum DCR <sup>3</sup>	Amortizing	Partial-Term Interest-Only <sup>4</sup>	Full-Term Interest-Only
≥ 5-Year and < 7-Year Term	<b>Max. 75% LTV</b> / Min DCR 1.30x	<b>Max. 75% LTV</b> / Min DCR 1.30x	<b>Max. 65% LTV</b> / Min DCR 1.40x
7-Year Term	<b>Max. 80% LTV</b> / Min DCR 1.25x	<b>Max. 80% LTV</b> / Min DCR 1.25x	<b>Max. 70% LTV</b> / Min DCR 1.35x
> 7-Year Term	<b>Max. 80% LTV</b> / Min DCR 1.25x	<b>Max. 80% LTV</b> / Min DCR 1.25x	<b>Max. 70% LTV</b> / Min DCR 1.35x

<sup>1</sup> Other options are available for loans that are not intended to be securitized.

<sup>2</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.

<sup>3</sup> Adjustments may be made depending on the property, product, market and/or sponsor.

<sup>4</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.