



## Three Options for Refinancing a Freddie Mac Multifamily Mortgage

Freddie Mac provides three options for loans approaching maturity in an effort to retain good loans in our portfolio. One of the main distinctions between the options is when the new refinance loan will be originated and Freddie Mac anticipates purchasing it. Please see the chart on the following page summarizing other differences.

### Option 1: Exit Fee Flexibility

Freddie Mac purchases a new refinance loan **today**, using our normal Standard Delivery or ERL Delivery.

- Freddie Mac will agree to waive that portion of the exit fee that may equal up to one percent (1%) of the outstanding principal balance of the loan if the borrower refinances with Freddie Mac.
- Freddie Mac will allow a borrower to finance or build up to 50% of the remaining exit fee into the net spread on the new loan.
- Can use at anytime: no restrictions or limits on when yield maintenance period ends on existing loan
- Non-securitized and non-pooled loans are eligible.

### Option 2: Extended Early Rate-Lock

Freddie Mac purchases a new refinance loan in **12 months**.

Lock the rate on a refinance loan for up to 12 months. Uses our normal 4-month early rate-lock period plus an 8-month extension. Allows the borrower to commit to the new refinance loan while waiting for the existing loan's yield maintenance period to expire or get close to expiration. Freddie Mac will not agree in advance to finance any of the prepayment premium payable at loan closing.

### Option 3: Supplemental with Extended Early Rate-Lock Refinance

Freddie Mac purchases a new refinance loan in **24 months**.

Lock the rate on a refinance loan for up to 24 months. Allows the borrower to commit to the new refinance loan while waiting for the existing loan's yield maintenance period to expire or get close to expiration. The borrower receives additional proceeds today in the form of a supplemental loan.

The supplemental loan is originated today, which will help subsidize the early rate-lock costs on the refinance. The supplemental loan may be sized up to 80% combined LTV. The refinance loan will be purchased in up to 24 months. It will be for the combined amount of the projected future unpaid principal balance of the first mortgage and supplemental mortgage.

## Comparison and Benefits of Three Options for Refinancing a Freddie Mac Multifamily Mortgage

|   | <b>Option 1<br/>Exit Fee Flexibility</b>   | <b>Option 2<br/>Extended<br/>Early Rate-Lock (ERL)</b>   | <b>Option 3<br/>Supplemental with<br/>Extended ERL<br/>Refinance</b>   |
|---|--|--|--|
| <b>Yield Maintenance (YM) due under first mortgage?</b>                                 | <p>Yes</p> <p>YM equal to up to 1% of UPB waived, then 50% in spread, 50% cash</p> | <p>Depends</p> <p>No, if Extended ERL reaches end of YM period</p> <p>Yes, if Extended ERL does not reach end of YM period</p> | <p>Depends</p> <p>No, if Extended ERL reaches end of YM period</p> <p>Yes, if Extended ERL does not reach end of YM period</p> |
| <b>Time from rate-lock to anticipated purchase of the refinance loan by Freddie Mac</b> | <p>45 days Standard Delivery</p> <p>120 days ERL Delivery</p>                      | <p>Up to 12 months ERL Delivery only</p>   | <p>Up to 24 months Standard Delivery or ERL Delivery</p>   |