



Freddie Mac Supplemental Mortgage

With our Freddie Mac Supplemental Mortgage product, we can purchase supplemental mortgages on our Conventional Mortgage Program offerings, as well as through our Conventional and Targeted Affordable Housing Structured Finance programs. Two Supplemental Mortgage options are available:

- **Split**– A supplemental mortgage placed at the same time as a newly originated Freddie Mac first mortgage.
- **Seasoned**– A supplemental mortgage placed after the first mortgage has seasoned for 12 months.

Key Benefits

- Reduced documentation at full application for most loans.
- Additional financing without the prepayment premium that a refinancing would trigger.
- Both fixed- and adjustable-rate supplemental loans available.
- The ability to maximize proceeds at settlement of a split loan without subjecting the entire debt to a full yield maintenance period.

At-a-Glance

Product Summary	Split	Seasoned
Eligible Mortgages*	<ul style="list-style-type: none"> • Individual mortgages purchased through the Conventional Mortgage program, as well as Affordable and Conventional Structured Finance transactions 	<ul style="list-style-type: none"> • Existing first mortgages in good standing • Individual mortgages purchased through the Conventional Mortgage program, as well as Affordable and Conventional Structured Finance transactions • Prior mortgages (first mortgages and any prior supplemental mortgages in place) must have remaining terms of 3 years or more
Eligible Borrowers	Original borrower or Freddie Mac-approved transferee of existing mortgage	Original borrower or Freddie Mac-approved transferee of existing mortgage
Eligible Seller/Servicers	All Program Plus Seller/Servicers approved for the property's location	Program Plus Seller/Servicer currently servicing the first mortgage
Standard Loan Terms	Coterminous with first mortgage; 30-year maximum	Coterminous or non-coterminous (non-coterminous supplemental can exceed first mortgage by up to 24 months). First mortgage must be seasoned for twelve months.
Maximum New Loan Amount	The Supplemental mortgage amount may not exceed 50% of the combined previous mortgage amounts unless the combined LTV is 70% or less. Loan proceeds will generally be based on increases in NOI growth rather than on decreases in cap rates and interest rates from original underwriting.	The Supplemental mortgage amount may not exceed 50% of the combined previous mortgage amounts unless the combined LTV is 70% or less. Loan proceeds will generally be based on increases in NOI growth rather than on decreases in cap rates and interest rates from original underwriting.
Appraisal, Environmental Report and Engineering	Generally required	Generally not required

Product Summary	Split	Seasoned	
Maximum Loan-to-Value	Same as first mortgage	<p>> 3 yrs remaining on first <u>Acquisition & No Cash-out Refinance, Amortizing:</u> 5 to < 7 yrs: 70% ≥ 7 - < 10 yrs: 75% 10+ yrs: 80%</p> <p><u>Full-term IO:</u> < 7 yrs: 60% ≥ 7 yrs: 65%</p> <p>= 3 yrs remaining on first <u>Acquisition & No Cash-out Refinance, Amortizing and Full-term IO:</u> 5 to 10+ yrs: 65%</p>	<p>> 3 yrs remaining on first <u>Cash-out Refinance:</u> 5- < 7 yrs: 65% ≥ 7 - < 10 yrs: 70% 10+ yrs: 75%</p> <p>= 3 yrs remaining on first <u>Cash-out Refinance, Amortizing and Full-term IO:</u> 5 to 10+ yrs: 65%</p> <p><u>Full-term IO:</u> < 7 yrs: 60% ≥ 7 yrs: 65%</p>
Minimum Debt Coverage Ratio	Same as first mortgage	<p><u>Acquisition & No Cash-out Refinance:</u> 5 - < 7 yrs: 1.30x ≥ 7 - ≥ 10 yrs: 1.25x ARM: 1.05x</p> <p><u>Full-term IO:</u> Fixed-rate: 1.55x ARM: 1.30x</p>	<p><u>Cash-out Refinance:</u> 5 - < 7 yrs: 1.35x ≥ 7 - ≥ 10 yrs: 1.30x ARM: 1.10x</p> <p><u>3 Years Remaining on First Mortgage:</u> Fixed-rate: 1.40x ARM: 1.15x</p> <p><u>Full-term IO:</u> Fixed-rate: 1.60x ARM: 1.35x</p>

*If the first mortgage or the Supplemental is an ARM, refer to Freddie Mac ARM term sheet for DCR requirements. All LTV and DCR for Supplemental Mortgages are combined including all previous mortgages.