



Freddie Mac Capital Markets ExecutionSM Pilot

Freddie Mac offers the Freddie Mac Capital Markets ExecutionSM (CME) to provide you with a financing vehicle that connects you to the capital markets via a securitization.

Key Benefits

- Typically provides lower interest rates over a portfolio execution.
- The Freddie Mac Supplemental loan is available for the CME after the first mortgage has seasoned for 12 months.
- If the appraisal for the property is less than anticipated and such difference results in a reduced loan amount that is no greater than 5 percent of the rate-locked loan amount, Freddie Mac will still purchase the mortgage at the lower loan amount and no breakage fees will be due for the 5 percent difference.

How It Works

Freddie Mac will aggregate multifamily loans for sale or hold them in our portfolio. Loans for sale will go to a specified institutional investor or investors. The investor will securitize these loans and sell them to a qualified Special Purpose Entity (SPE). That trust will then issue securitized bonds backed by the multifamily whole loans, and an investor with the appropriate risk appetite can then purchase each bond. Freddie Mac intends to guarantee or purchase the senior bonds of each issuance. To learn more about our first securitization of CME loans, read the [news release](#) located on FreddieMac.com/Multifamily.

At-a-Glance

Asset Type	Multifamily; age-restricted multifamily, multifamily with student concentration; purpose-built student housing; cooperative housing; Section 8 HAP	
Borrowing Entity	Borrowers must be a SPE if the loan is \$5,000,000 or more	
Loan Size	\$5 to \$100 million (Loans as low as \$3.5 million will be considered in certain strong markets)	
Loan Terms	5, 7, and 10 year	
Interest-Only Period	Partial Interest-Only (IO) may be approved at the sole discretion of Freddie Mac; Full Term IO not available	
Minimum Debt Coverage Ratio (DCR)	Acquisition: 5 to < 7 yrs: 1.30x ≥ 7 and ≥ 10 yrs: 1.25x	Refinance: 5 to < 7 yrs: 1.30x (1.35x for cash-out refi) ≥ 7 & ≥ 10 yrs: 1.25x (1.30x for cash-out refi)
Maximum Loan-to-Value (LTV)	Acquisition: 5 to < 7 yrs: 70% ≥ 7 to < 10 yrs: 75% ≥ 10 yrs: 80%	Refinance: 5 to < 7 yrs: 65% ≥ 7 to < 10 yrs: 70% ≥ 10 yrs: 75%
Maximum Amortization	30 years	
Amortization Calculations	Actual/360 standard; 30/360 available	
Lockout Period	2 years	
Prepayment Provisions	Yield maintenance until securitized followed by 2-year lockout; defeasance thereafter. No penalty for final 90 days. If loan is not securitized within first 2 years then yield maintenance applies for the life of the loan.	
Tax & Insurance Escrow	Required	
Replacement Reserve Deposit	Required	
Recourse Requirements	Non-recourse except for carve outs	
Supplemental Loan Availability	Yes, available no sooner than 12 months after closing only with a Freddie Mac Supplemental Mortgage. Maximum LTV: same as first mortgage. Minimum DCR: 5 - < 7 yrs: 1.30x; ≥ 7 & ≥ 10 yrs: 1.25x; if 3 years or less remaining on first: 1.40x. (Additional requirements apply)	
Premium Availability	Buyups permitted for up to 1% of loan amount	
Application Fee	Greater of \$2,000 or 0.1% of loan amount	