Freddie Mac Conventional Supplemental Loan





Description

Non-recourse, assumable fixed-rate and floating-rate supplemental financing for stabilized multifamily properties. Cooperative properties are considered on a case-by-case basis.

Eligible Loans

- Loans behind existing first loans
- Stabilized properties in good standing
- Purchased through the Conventional Cash Mortgage Purchase program, the Targeted Affordable Housing Cash Mortgage Purchase program, the Seniors Housing Cash Mortgage Purchase program, and Conventional Structured Transactions
- Prior loans (first loans and any prior supplemental loans in place) must have remaining terms of 3 years or more
- Minimum supplemental amount: \$1 million

Loan Term

Coterminous with first loan; must be at least 12 months after origination of the first loan or the most recent prior to the supplemental loan; not available during the last 3 years of the first loan

Max Loan to Value

80%

Minimum Coverage

1.25x

Supplemental Loan Base Maximum LTV and Minimum DCR	Fixed-Rate LTV/DCR and Floating-Rate LTV/DCR (DCR 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% / 1.30x	75% / 1.30x	65% / 1.40x
≥ 7-Year Term	80% / 1.25x	80% / 1.25x	70% / 1.35x

Borrower

Original first loan borrower or lender-approved transferee

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Prepayment Terms

Structured as a yield maintenance loan

Refinance Test

Based on the sum of the debt service and unpaid principal balance of the first loan and all existing and proposed supplemental loans

Servicing Fee

Calculation based on supplemental proceeds

Loan Documents

Subject to Freddie Mac's then current loan documents and any applicable conditions set forth in the first loan and any existing supplemental loan documents

Reserve and Escrow Requirements

Origination of a supplemental loan may trigger collection of deferred reserves and escrows for that first loan. Deferred insurance escrows may be permitted under limited circumstances

Recourse Requirements

Non-recourse except for standard carve-out provisions

Lender Application Fee

\$15,000; covers 3rd party reports and processing/underwriting costs

Freddie Mac Application Fee

Greater of \$2,000 or 0.1% of loan amount

Origination Fee

Competitive

Legal Fees

\$8,000 to \$12,000 varying with characteristics of the deal

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