Freddie Mac Program Plus Fixed-Rate Program

Freddie Mac Program Plus Fixed-Rate Program offers permanent financing for existing, leased multifamily properties.

**Property quality**
“B–” or better assets are preferred. Freddie Mac adjusts its pricing on a deal-by-deal basis according to perceived risk. Lower-quality assets can be financed on a more conservative basis.

**Terms of loan terms**
Terms of 5, 7, 10, 15, 25, or 30 years available (5-year term with 5-year extension option also available).

**Amortization**
- A fixed-rate mortgage may be amortizing or may have an interest-only feature.
- 30 years is possible on most properties (25 years otherwise).

**Interest rate**
Fixed rates vary daily based upon a spread over like-term Treasuries until rate lock.

**Loan underwriting**
Maximum loan amount is based upon the lesser of 80% LTV or a 1.25 debt coverage.

**Risk-based pricing**
Freddie Mac uses a risk-based pricing model to determine their spread, based upon a number of project related variables, (e.g. DSC, LTV, borrower net worth and liquidity quality of asset, equity remaining in deal, etc.).

**Application fee**
Freddie Mac charges a non-refundable review fee equal to the greater of 0.1% of the loan amount or $2,000 on each transaction.

**Secondary financing**
The Freddie Mac program currently permits each Program Plus lender to make second mortgages on its own loans provided twelve months have elapsed from closing and underwriting review is acceptable. This can be very attractive to borrowers who fear fixed-rate loans with yield maintenance because they expect their property value to appreciate significantly.

**Prepayment**
Defeasance and Yield Maintenance prepayment options are available. Yield Maintenance typically runs until 6 months prior to loan maturity, fixed 1% fee thereafter with a 90-day window at par just prior to maturity.

**Assumability**
Freddie Mac loans are assumable repeatedly based upon a satisfactory review of the new borrower and payment of a 1% fee.
**Early rate lock**
Freddie Mac will lock the borrower’s interest rate within two weeks of application if they are comfortable with the transaction. No extra fee is charged, but the borrower must deposit a 2-3% Rate Lock Fee, which is refunded at closing.

**Liability**
The loans are primarily non-recourse to the borrower and its borrower principals subject to certain exceptions that are industry standard. Freddie Mac will accept a meaningful entity in lieu of an individual in certain situations.

**Replacement reserves**
The loan will be underwritten with replacement reserves as an expense line item (usually $150 to $250 per unit per year depending on property condition). Freddie Mac often waives the borrower’s requirement to fund these reserves.

**Environmental report**
An environmental engineer must inspect the property to determine that no unacceptable hazardous substances are present.

**For more information, contact a KeyBank specialist today.**

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<thead>
<tr>
<th>Western Region Sales Manager</th>
<th>Central Region Sales Manager</th>
<th>East Region Sales Manager</th>
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<tbody>
<tr>
<td>John Reible</td>
<td>David Schmidt</td>
<td>Todd Goulet</td>
</tr>
<tr>
<td>602-778-4092</td>
<td>214-540-9157</td>
<td>617-385-6262</td>
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