

Conventional Small Loans

Streamlined non-recourse financing for smaller multifamily properties with five or more units



High-leverage financing

You can borrow up to 80 percent of the property's value.



Non-recourse debt

The loan is secured by the property, so personal guarantees are not required.



Standardized documents

Pre-defined loan documents result in faster, more certain execution and lower legal review costs.

Term	5, 7, 10, 12 or 15 years fixed rate
Loan Amount	\$2–10 million
Property Type	Stabilized multifamily, including affordable housing
Purpose	Refinance or acquisition
Loan-to-Value	Up to 80%
DSCR	Minimum 1.25x
Amortization	30 years
Interest Only	Partial-term and full-term interest-only available
Rate Lock	Spread lock for 60 days post-loan application. Index lock may be available for qualified sponsors and properties
Sponsor/Borrower	Experienced multifamily investors
Recourse	Non-recourse with standard carve-outs
Prepayment	Declining schedules and yield maintenance available
Closing Timeline	Typically 60–75 days

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Eligible Borrowers	- Borrower may be a limited partnership, corporation, limited liability company or a tenancy in common with 5 or fewer tenants in common - General partnerships, limited liability partnerships, real estate investment trusts (REITs) and certain trusts may also be acceptable in limited circumstances, subject to additional requirements - Borrower must be a Single Purpose Entity (see the Single Purpose Entity Borrower Rider to Loan Agreement (Loans \$20,000,000 and Under) for basic SPE requirements)
Eligible Properties	Standard multifamily housing, with exclusions for student properties, seniors housing, manufactured housing communities, and cooperative housing. Loans may be used for acquisition or refinance. Hard subordinate debt is not permitted
Ineligible Characteristics ¹	Fractured condos, vertical condos, Delaware Statutory Trusts (DSTs), ground leases, scattered site, home-sharing, co-living, micro-units (limited to 5%), septic and well water/non-public utilities
Terms	5, 7, 10, 12 or 15-year terms.
Amount	Generally, \$2 million to \$10 million
Maximum Amortization	30 years
Amortization Calculations	Actual/360 standard; 30/360 available
Lock-out Period	2 years following securitization
Prepayment Provisions	Standard prepayment provision is yield maintenance until securitized followed by 2-year lock-out; defeasance thereafter. No prepayment premium for final 90 days. If loan is not securitized within first year, then yield maintenance applies until the final 90 days. Step-down and yield maintenance without defeasance are available at an additional cost
Tax and Insurance Escrow	Generally required
Replacement Reserve Deposit	Generally required
Recourse Requirements	Non-recourse except for standard carve-out provisions
Loan Documents	Standard loan documents required, without modifications
Supplemental Loan Availability	Yes, subject to requirements specified in the Loan Agreement
Application Fee	0.1% of loan amount

¹ Freddie Mac, in its sole discretion, sets credit parameters for any transaction based on its underwriting criteria at the time of such request. Freddie Mac may decline to issue a quote for any transaction that it deems to include features or characteristics that are non-standard or otherwise deviate from Freddie Mac policy for other loans of this type originated by Freddie Mac.

Lock Options	Spread lock for 60 days post-loan application. Index Lock option may be available for sponsors and properties that qualify. Optigo lenders should consult with their regional Freddie Mac representative to determine eligibility
Refinance Test	No Refinance Test is necessary if the loan has an amortizing debt coverage ratio (DCR) of 1.40x or greater and a loan-to-value (LTV) ratio of 60% or less

LTV Ratios and Amortizing² DCR

Conventional Small Maximum LTV and Minimum DCR ³	Payment Type (For specific product adjustments, refer to individual term sheets)			
	Amortizing and Partial Interest Only ⁴		Full-Term Interest-Only	
	Minimum Amortizing DCR	Maximum LTV ⁴	Minimum Amortizing DCR	Maximum LTV ⁵
≥ 5-Year and < 7-Year Term	1.25x	75%	1.25x	65%
7-Year Term	1.25x	80%	1.25x	65%
> 7-Year Term	1.25x	80%	1.25x	70%

² The DCR calculated for the partial-term interest-only and full-term interest-only period uses an amortizing payment.

³ Adjustments may be made depending on the property, product and/or market.

⁴ For partial-term interest-only loans, there must be a minimum amortization period of 2 years. All mortgages with <2 years of Amortization must meet the requirement for full-term Interest Only Mortgages.

⁵ Maximum combined maturity LTV for Partial Interest Only loans is 70%, and subject to adjustment for certain property and loan types.