

Real Estate Finance & Investment

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Financing

Freddie Mac Wraps First Bulk Sale

Freddie Mac has sold a \$195 million loan portfolio, the first multifamily bulk sale the government-sponsored enterprise has completed to date. The loans were marketed by **Mission Capital** and sold to private equity firm **Colony Capital**. **Will Sledge**, managing director of sales and trading at Mission Capital, declined to discuss pricing and calls to Freddie Mac and Colony were not returned.

The agency offloaded mostly multifamily assets, along with a handful of student housing-backed loans and three backed by assisted living facilities. "We had participation from money center banks, private equity firms and specialty finance lenders," Sledge said.

The assets are mostly current and performing, but Sledge noted that some were highly leveraged or were otherwise having issues with debt service. There has been a significant uptick in the competition for these assets, even as more banks come to market and become more willing to clean up their balance sheets as the market recovers. "The market has improved for these loans. On the other side of this, yield requirements for investors have come down," he said.

The sale was part of the wind down of the GSEs that has been mandated by **Federal Housing Finance Agency**. Freddie Mac and **Fannie Mae** are both paring back their lending programs and shedding mortgages held on their books. Sledge said he expects Freddie Mac to come to market with more bulk sales and predicts a steady stream of sales activity from the GSEs for the foreseeable future.