

**ELIGIBLE BORROWERS**

- Developers/operators with experience in multifamily property rehabilitation and in the local market with sufficient financial capacity.
- 1.5x the standard minimum net worth and liquidity requirements for guarantors.

**ELIGIBLE PROPERTY TYPES**

- Properties with no more than 500 total units in good locations.
- Well-constructed properties requiring modest repairs.
- Market laggards that require capital infusion and new/improved management.
- Real-estate owned properties in receivership that are capable of improved performance.
- Seniors Housing, Student Housing and Manufactured Housing Communities are not eligible.

**TERMS**

- Three years with one 12-month extension based on the borrower's request and one optional 12-month extension based on Freddie Mac's discretion.
- Floating-rate loan with full-term interest-only. No cap required.
- No lock out. Borrower may pay off the loan at any time but must remit an exit fee of 1%. The exit fee will be waived if the loan is refinanced with Freddie Mac.
- Acquisitions and refinances. Not assumable.
- Loan documentation at origination will include the Value-Add Rider, which will detail the terms/requirements of the rehabilitation.
- Escrows will include real estate taxes, insurance and replacement reserves.
- 15% cash equity generally required.
- For longer term ownership, cash-out is available provided a completion guaranty on budgeted improvements in an amount at least equal to the cash-out in place.

**AMOUNT**

- Maximum loan-to-purchase/loan-to-value (LTV) ratio: 85%.
- Minimum amortizing debt coverage ratios (DCR): 1.10x – 1.15x, depending on market.
- Sizing based on a 7-year sizing note rate.
- Appraisal must include as-is and as-stabilized values. Underwriting must support a 1.30x DCR and 75% LTV based on as-stabilized value supported by the appraisal.
- Standard Freddie Mac underwriting based on as-is income and expense.
- Refinance Test not required.
- No pro-forma underwriting of future performance.

**REHABILITATION**

- Rehabilitation must commence within 90 days of loan origination and be completed within 33 months.
- Acceptable budget of \$10,000 per unit to \$25,000 per unit.
- Budget can be adjusted by as much as 20% without additional approval. 50% of the budget should be spent on unit interiors.
- Completion Guaranty or rehabilitation escrow required.
- Borrower/Servicer reporting required.

**AT LOAN MATURITY/REFINANCE**

- Final engineer review of work completion and quality is required.
- Refinance with Freddie Mac with no exit fee, otherwise 1% applies.
- Freddie Mac will re-underwrite the loan according to then-current credit policy parameters.
- One-year Borrower extension option is available for a 0.5% extension fee, assuming no event of default.
- Additional Freddie Mac extension option is available thereafter with 1% extension fee.

**FEES**

Standard fees apply, including application fee and good faith deposit.



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