PRODUCT SNAPSHOT

Moderate Rehab Loan

Does Your Multifamily Property Need a Significant Renovation?

Freddie Mac's Moderate Rehab Loan provides the capital you need to renovate your property at the lowest cost possible. During renovation, the loan is an interest-only floating-rate debt, and loan proceeds are advanced monthly as requested rather than accruing interest on unused funds. Our terms are highly negotiable, allowing for variation in borrower terms and structure needs.

These loans offer a flexible liquidity source for experienced and well-capitalized sponsors who have successfully completed rehabilitation projects of similar scope and who are familiar with Freddie Mac's loan process.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Sellers to tackle complicated transactions, provide certainty of execution and fund quickly. Contact your Freddie Mac Multifamily representative today — we're here to help.

Borrowers Who Want to Know More

Contact one of our approved Seller/Servicers at:
FreddieMac.com/multifamily/lenders

- $25,000 to $50,000 in renovations per unit with a minimum of $7,500 per unit designated for interior work
- Allows for a wide variation in borrower term and structure needs
- Funds up to 80% of the "as-is" value
- Float-to-fixed or float-to-float structure
- Periodic draws of unfunded loan proceeds (as opposed to an escrow) to reimburse the sponsor for up to 80% of the renovation cost

Freddie Mac Multifamily
Green Advantage℠

Our new Freddie Mac Multifamily **Green Advantage℠** initiative rewards borrowers who improve their properties to save energy or water.

Freddie Mac
MULTIFAMILY

FreddieMac.com/multifamily/product/

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Eligible Seller/Servicers	Seller/Servicers approved by Freddie Mac for conventional loans
Eligible Borrowers	Experienced and well-capitalized borrowers who have successfully completed rehabilitation projects of similar scope and who are familiar with the Freddie Mac loan process
Eligible Property Types	▪ $25,000-$50,000 in renovations per unit with a minimum of $7,500 per unit designated for interior work ▪ Minimum occupancy: Rehabilitation plan may not take debt service coverage ratio (DCR) below 1.0x on an interest-only basis ▪ Not eligible -- seniors housing, student housing, MHC, preferred equity with hard pay and mezzanine financing
Terms	▪ Deal specific/negotiated (see Structure below) ▪ Interest-only during renovation ▪ Not eligible -- seniors housing, student housing, MHC, preferred equity with hard pay and mezzanine financing ▪ Hedge: Uncapped during renovation; cap required post-renovation if not converted to fixed-rate
Amount	▪ Loan-to-value (LTV) ratio: – Fund up to 80% of the as-is value, supported by the property acquisition price if applicable – Periodic draws of unfunded loan proceeds (as opposed to an escrow) to reimburse the sponsor for up to 80% of the renovation costs on a monthly or quarterly basis, as work is completed, similar to construction financing – Appraisal must demonstrate 80% as improved LTV (with fully funded renovation proceeds) ▪ DCR: – Initial sizing – 1.20x interest-only “as-is” – As improved underwritten net operating income per appraisal must reflect no less than 1.30x amortizing DCR and will be subject to appraisal support
Rehabilitation	▪ Additional documents: Freddie Mac Disbursement Agreement, Disbursement Servicing Agreement, Operating Deficit Agreement & Completion Guaranty for 80% of approved budget and all work initiated, construction scope, budget and schedule ▪ Property Condition Report: Must provide opinion to whether construction plan can be reasonably be completed within the budget and schedule ▪ Draws: Monthly or quarterly; first draw will be based on a certificate from the Servicer to Freddie Mac confirming that the request complies with the requirements set forth in the Disbursement Agreement (including but not limited to inspections, lien waivers and standard documentation); subsequent draws will require additional certifications as well as Freddie Mac’s independent confirmation of the information/documents supporting the prior certification. 5% retainage of draws are held and released once satisfactory confirmation of completion of all budgeted work has been received ▪ Monitoring: In addition to the draw certificates noted above, monitoring to reflect quarterly progress reports and inspections including rent rolls and operating statements ▪ Timing: All renovation work is expected to be completed within 36 months

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Structure	■ Loan type: float-to-fixed or float-to-float ■ Conversion: Either floating- or fixed-rate after initial floating period; note rate to be determined at loan origination
Prepayment	2% prepayment penalty during Interim Loan; standard Freddie Mac prepay structures available thereafter
Fees	Standard fees apply, including application fee based on fully funded loan amount and good faith deposit

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