

# FREDDIE MAC MODERATE REHAB LOAN

- \$25,000 to \$60,000 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 the lesser of 80% of the “as-is” value or acquisition cost
- Interim Phase during renovations is floating. Permanent Phase postrenovations can be fixed or floating.
- Periodic draws of unfunded loan proceeds (as opposed to an escrow) to reimburse the sponsor for up to 80% of the renovation cost

## ELIGIBLE PROPERTY TYPES

- \$25,000-\$60,000 in renovations per unit with a minimum of \$7,500 per unit designated for interior work
- Minimum occupancy: Rehabilitation plan may not take debt 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

## 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

TERM	<p>Deal specific/negotiated (see Structure below)</p> <p>Interest-only during renovation</p> <p>Not eligible — seniors housing, student housing, MHC, preferred equity with hard pay and mezzanine financing</p> <p>Hedge: Uncapped during renovation; cap required post-renovation if not converted to fixed-rate</p>
AMOUNT	<ul style="list-style-type: none"> <li>• Loan-to-value (LTV) ratio: <ul style="list-style-type: none"> <li>- Fund up to 80% of the as-is value, supported by the property acquisition price if applicable</li> <li>- 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</li> <li>- Appraisal must demonstrate 80% as improved LTV (with fully funded renovation proceeds)</li> </ul> </li> <li>• DCR: <ul style="list-style-type: none"> <li>- Initial sizing – 1.20x interest-only “as-is”</li> <li>- As improved underwritten net operating income per appraisal must reflect no less than 1.30x amortizing DCR and will be subject to appraisal support</li> </ul> </li> </ul>
REHABILITATION	<ul style="list-style-type: none"> <li>• Additional documents: Freddie Mac Disbursement Agreement, Disbursement Servicing Agreement, Operating Deficit Agreement &amp; Completion Guaranty for 80% of approved budget and all work initiated, construction scope, budget and schedule</li> <li>• Property Condition Report: Must provide opinion to whether construction plan can reasonably be completed within the budget and schedule</li> <li>• 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</li> <li>• Monitoring: In addition to the draw certificates noted above, monitoring to reflect quarterly progress reports and inspections including rent rolls and operating statements</li> <li>• Timing: All renovation work is expected to be completed within 36 months</li> </ul>
STRUCTURE	<ul style="list-style-type: none"> <li>• Loan type: float-to-fixed or float-to-float</li> <li>• Conversion: Either floating or fixed rate after initial floating period; note rate to be determined at loan origination</li> </ul>
PREPAYMENT	<ul style="list-style-type: none"> <li>• 2% prepayment premium during Interim Loan; standard Freddie Mac prepay structures available thereafter</li> </ul>
FEES	<ul style="list-style-type: none"> <li>• Standard fees apply, including application fee based on fully funded loan amount and good faith deposit</li> </ul>