FREDDIE MAC OPTIGO®

Value-Add Loans

SHORT-TERM, COST-EFFECTIVE FINANCING FOR MODEST PROPERTY UPGRADES

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. • Conventional Small borrowers are not eligible.
ELIGIBLE PROPERTY TYPES	• Properties with no more than 500 total units in good locations. • Well-constructed properties requiring modest repairs. • Seniors housing, student housing, manufactured housing and cooperative 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. • Standard 12-month lock-out with option for longer or shorter lock out based on borrower's preference; borrower may pay off the loan at any time after the expiration of the lock-out period but must remit an exit fee of 1%; the exit fee will be waived if the loan is refinanced with a qualified Freddie Mac Conventional loan. • 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.
UPFRONT FEE	Standard 0.5% of loan amount nonrefundable upfront fee subject to adjustment depending on loan terms.

LOAN AMOUNT	• Loan will be based on an "As-is" and "As-stabilized" NOI pro forma under the following credit parameters:
	    • "As-is" baseline maximum loan-to-purchase / loan-to-value (LTV) ratio of 85% and minimum amortizing debt coverage ratio (DCR) of 1.15x, subject to market adjustment.
	    • "As-stabilized" baseline maximum LTV of 75% and minimum DCR of 1.30x, subject to market adjustment.
	• Sizing based on a 7-year sizing note rate.
	• Appraisal must include as-is and as-stabilized values.
	• Refinance Test not required.

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 a qualified Freddie Mac Conventional Loan 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.