

Impact of Hurricanes on Multifamily Loans in Freddie Mac-Sponsored Securitizations

October 2017 (Preliminary findings)

Affected Loans*

| Hurricane | Loan Count | Units Count | Loan UPB (\$billion) |
|-----------|------------|-------------|----------------------|
| Harvey | 748 | 177,425 | 10.0 |
| Irma | 1,249 | 297,508 | 18.3 |

* Data was obtained from Servicers, trustees and/or certificate administrators. Unpaid balances reflect the total number of loans secured by properties located in FEMA-designated counties eligible for individual and public assistance.

Damage Assessment

In many cases, the details of the damage are still limited; however, based on available information, we have classified damage assessments into four categories – Major, Moderate, Minor and None.

Our method was based on estimates of the cost of repairs and number of damaged units. We used the following parameters:

| | |
|----------|--|
| Minor | damage is less than 10% of UPB and less than 5% of units down for more than 60 days |
| Moderate | damage is less than 10% of UPB and between 5% to 20% of units down for more than 60 days |
| Major | damage is greater than 10% of UPB and/or more than 20% of units down for more than 60 days |
| None | no reported damage |

Our preliminary findings show:

Hurricane Harvey caused more moderate to major damage than Hurricane Irma. The following chart is based on our preliminary findings of approximately 88% of Hurricane Harvey and more than 66% of Hurricane Irma loans in FEMA-designated areas.

| | Major | Moderate | Minor | Total with some damage |
|--------|-------|----------|-------|------------------------|
| HARVEY | 8% | 6% | 53% | 67% |
| IRMA | 0% | 3% | 67% | 70% |



Approximately two-thirds of the properties had damage — 67% from Harvey and 70% from Irma



Approximately 18% of reported moderate to major damage relates to loans originated under the Small Balance Loan program

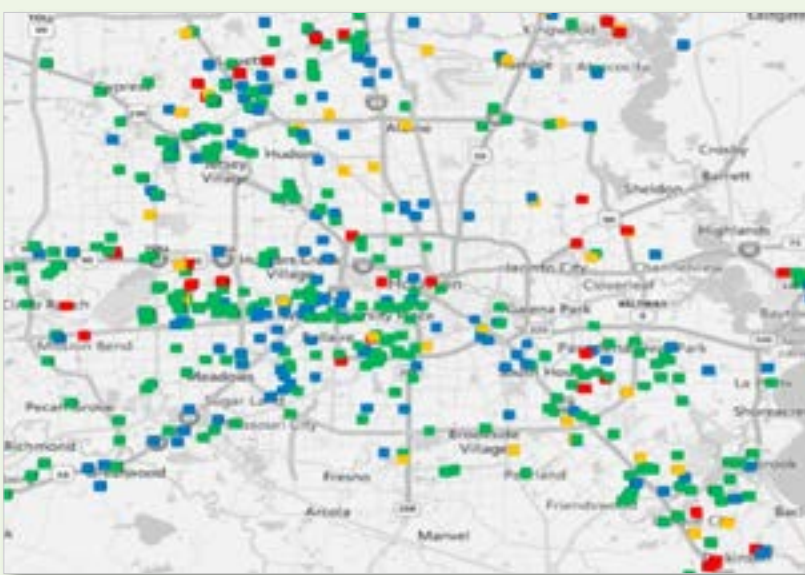


We believe no damage from Hurricane Irma should be considered major. The primary cause of damage was from windstorm, followed by flooding.

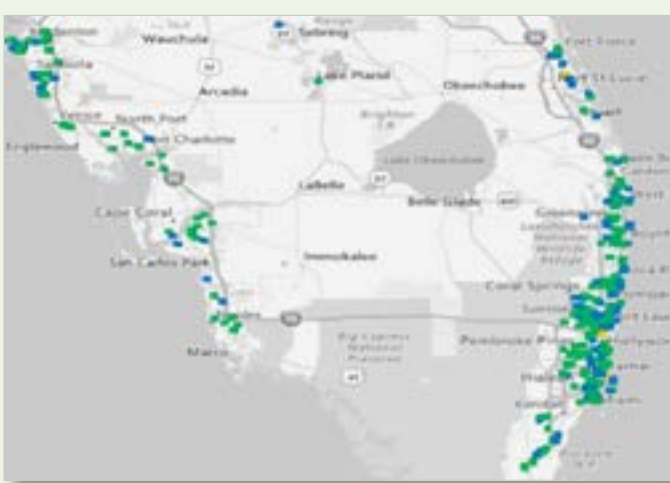


We believe the cause of damage due to Hurricane Harvey was flooding, followed by windstorm.

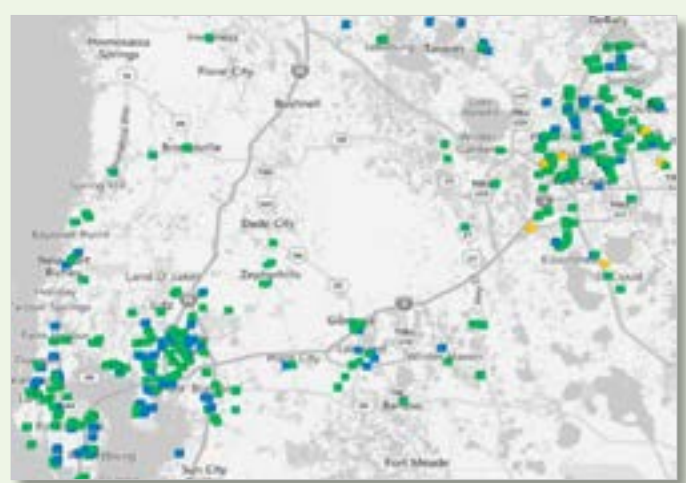
Maps of the Damage†



Houston (Hurricane Harvey)



Southern Florida (Hurricane Irma)



Central Florida (Hurricane Irma)

† based on currently reported data

Insurance

Of those Affected Loans with moderate to major damage:

- Although roughly 24% of the properties were required to maintain flood insurance; approximately 59% had some form of flood insurance.
- 56% of the properties had business interruption coverage in place related to flooding
- 83% of the properties have verified named storm coverage

The sufficiency of flood coverage will be determined by the Seller/Servicer after a thorough review of each policy, the damage incurred and the response of the insurer during the claims process.

Loan Performance and Forbearance

Only 1% (16 loans) was reported late on their September payments. 14 of the 16 late September payers have subsequently asked for forbearance and the other 2 brought their September payment current.

As Servicer of its loans in its portfolio, Freddie Mac has offered a standard 90 day forbearance option to borrowers and provided third-party servicers for Freddie Mac sponsored securitizations guidance and support for forbearance (for more detail see: [Freddie Mac Multifamily Hurricane Impact](#)).

- To date we are aware of 49 forbearance agreements that have been entered or are in process
- 13 of the 49 forbearances are related to loans originated under the Small Balance Loan program
- All but one forbearance agreement is related to Hurricane Harvey
- Most of the properties whose borrowers are entering forbearance agreements have had some damage, with about 1/2 having major damage
- A forbearance is not dependent on a property suffering physical damage as there are other factors that can affect the borrower's ability to make payments, including the tenants' ability to pay rent

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