

General Insurance Guidelines

Overview

All Freddie Mac loans require the borrower to maintain Property and Liability insurance for the duration of the loan term.¹ Coverage must be in place for the following categories:

- Property Insurance²
- Business Income/Rental Value
- Commercial General Liability Insurance³
- Terrorism Insurance

¹ For all coverage requirements reference [Section 6.10 of the Loan Agreement](#) or Freddie Mac Multifamily Seller/Service Guide (Guide) [Chapter 31](#).

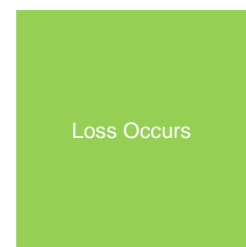
² Property insurance for all relevant perils is required up to 100% of building insurable value plus 12 months of rental income. Primary perils include fire, wind/hail, explosions and water damage, plus flood, Named Storm (hurricane), terrorism, and earthquake as applicable. Other coverage may be required for Ordinance & Law, Boiler & Machinery, and builders risk.

³ Commercial General Liability insurance at minimum of \$1 million per occurrence and \$2 million in the aggregate, plus umbrella or excess liability as prescribed.

Damage from Natural Disaster or Casualty Event

Below are the steps to be taken by the servicer if a property incurs damages.⁴

Review of Portfolio



14 Days

90 Days

Notification of Damage

If property experiences an event of default, death or serious injury, or damage >25k for SBL and >50k for non-SBL

If damage <25k for SBL and <50k for non-SBL

90 Days

90 Days

Restoration Plan⁵

Freddie Mac approval needed

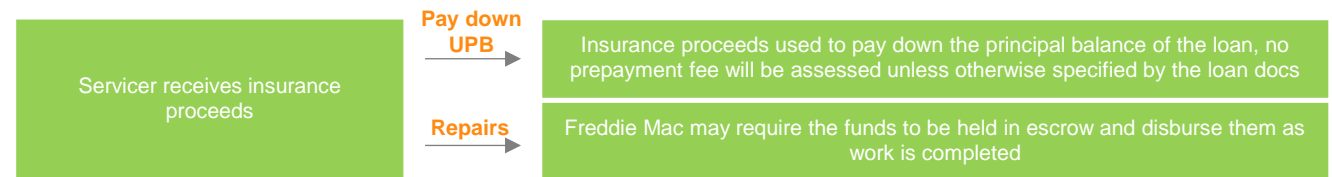
No Freddie Mac approval needed

⁴ For more details on the process for natural disaster losses, see [Guide Section 43.8](#).

⁵ Required if an Event of Default (the occurrence of any event listed in Section 9.01 of the Conventional Loan Agreement or Section 8.01 of the SBL Loan Agreement) exists, 10% or more of units have been damaged, death or serious injury occurred, estimated loss is greater than \$500k or 10% of outstanding UPB, estimated loss exceeds proof of loss maximum, or insurance is insufficient to cover the loss of rents/income and the estimated loss is greater than \$50k.

Use of Proceeds⁶

If there is material damage to the property, subject to the terms and conditions of the loan documents, the lender has the right to (i) apply insurance proceeds to pay down the loan or (ii) rebuild/repair the property.



⁶ Historically, there has been limited impact from natural disasters and few instances where loan proceeds were used to pay down the loan balance.

Securitization Impact

	Proceeds Used to Pay Down UPB	Proceeds Used for Repairs
Multi PCs®	<ul style="list-style-type: none"> • Timely payment of principal and interest guaranteed • May be repurchased by Freddie Mac • No prepayment penalty due 	<ul style="list-style-type: none"> • No impact to bond holders • Lost income from down units may be covered by Business Income/Rental Value insurance
K-Deals®	<ul style="list-style-type: none"> • Timely payment of interest guaranteed • No prepayment penalty due 	

Forbearance Option

- Freddie Mac may offer forbearance up to 90 days (three monthly payments) upon borrower request for any loans secured by properties located in FEMA-declared disaster area
- During the forbearance period, the Master Servicer or Freddie Mac will make principal and interest advances and advance as needed for insurance premiums
- Principal and interest accrues and will be repaid by the borrower
- Freddie Mac does not consider forbore loans as delinquent