

Priority Repair Remediation Plan Guidance

In accordance with Chapter 8.17(5) and Chapter 8SBL.17(4) of the Freddie Mac *Multifamily Seller/Service Guide* (Guide), Freddie Mac requires that the borrower must provide a Priority Repair Remediation Plan (Remediation Plan) for the completion of material priority repairs identified in the Form 1105, Property Condition Assessment (PCA) or the Form 1104, SBL Physical Risk Report (PRR), meeting certain criteria — either repairs likely to negatively impact habitability or exceeding a specified dollar threshold for the cost to complete.

The intent of the Remediation Plan is for the borrower to demonstrate their understanding of the scope of the Priority Repairs and provide Freddie Mac with the borrower's current plan to remediate these repairs within the required time frame.

Information provided within the Remediation Plan is used as part of Freddie Mac's due diligence of the loan transaction prior to issuing a Letter of Commitment. However, the Loan Documents will continue to list only each Priority Repair, estimated cost, and the applicable time frame to complete the repair as required in the Guide, and will not include the additional details provided in the Remediation Plan.

The Remediation Plan should include:

- The source of funds that will be used to complete the Priority Repairs prior to escrow reimbursement
- Confirmation that the property manager and/or on-site maintenance staff (or prospective management in the case of an acquisition) have been informed of the required Priority Repairs, the timeline for completion, and the borrower's remediation plan.

For each Priority Repair item, the borrower should indicate the following:

- Expected commencement date
 - This date should factor in potential weather challenges, timing to obtain necessary funding, timing to obtain and review contracts (if applicable), etc.
 - Acquisition transactions should also contemplate the ownership transition period and potentially other competing priorities
 - Whether the borrower already has taken any steps to prepare for the work (i.e., start the bid process, order materials, etc.)
 - This date will be evaluated against the required Completion Date to determine reasonableness
- Whether the repair is expected to be completed by on-site maintenance staff or by a third-party contractor
 - If on-site maintenance staff, confirm that they possess appropriate expertise and have adequate capacity to complete the work in addition to routine maintenance activities.
 - If a third-party contractor, indicate the following:
 - Whether the process of identifying potential companies, obtaining bids, and reviewing proposals has been factored into the expected commencement date noted above
 - If bids have not yet been solicited, whether the borrower has existing relationships or experience with contractors being considered to perform the work

- If bids have been received, the expected range of cost to complete the repair
 - If a contractor has been selected, the company selected to complete the repair
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- Whether the priority repair requires permits to remediate, and if so, the permit status
 - Any other key information that would provide Freddie Mac with greater insight into how the borrower plans to remediate the Priority Repair