Student Housing Value-Add Loan

Does Your Student Housing Property Need a Light Renovation?

Our Student Housing Value-Add Loan offers short-term, cost-effective financing for modest property upgrades. Borrowers receive competitive pricing and lower execution costs. Both interest-only and uncapped floating-rate loans are available. And, with all Freddie Mac financing, this loan is non-recourse and provides “one-stop shopping” for upgrade and permanent financing.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo™ network of Seller/Servicers to tackle complicated transactions, provide certainty of execution and fund quickly.

Contact your Freddie Mac Multifamily representative today — we’re here to help.

Borrowers Who Want to Know More

Contact one of our Optigo Seller/Servicers at mf.freddiemac.com/borrowers

PRODUCT SNAPSHOT

- Short-term, negotiable financing for upgrades of $10,000 to $25,000 per unit
- Allows for a wide variation in Borrower term and structure needs
- Funds up to 75% of the budget may be spent on exteriors
- Budget can be adjusted up to 20% without additional approval
- Interest-only and uncapped floating-rate loan
- We support eligible mixed-use properties

Our Freddie Mac Multifamily Green Advantage® initiative rewards Borrowers who improve their properties to save energy or water.
| Eligible Borrowers | Experienced Borrowers who have successfully demonstrated expertise with comparable student deals  
|                    | 1.5x the standard minimum net worth and liquidity requirements for guarantors |
| Eligible Property Types | Properties with no more than 250 total units or 625 beds  
|                        | Well-constructed properties requiring modest repairs  
|                        | Market laggards that require capital infusion and new/improved management  
|                        | Real-estate owned properties in receivership that are capable of improved performance |
| School Size | 15,000 student enrollment minimum. This standard is greater than the student housing policy minimum of 8,000. Properties must be within 2 miles of campus and have convenient access to campus by either public transit, shuttle or pedestrian access. |
| 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  
|       | No lock out; borrower may pay off the loan at any time but must remit an exit fee of 1%; the exit fee will be waived if the loan is refinanced with Freddie Mac  
|       | 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 taxes, insurance, replacement reserves and Priority Repairs must be escrowed. A three-month debt service escrow is required for all transactions during the renovation phase. Upon completion of 40% of the renovation work, 50% of the escrow may be released. Upon completion of 80% of the renovation work, the remaining amount of escrow may be released. In addition to the completion requirements, the DSCR must be 1.25x or higher to qualify for release of escrow  
|       | 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 |
### Amount
- Maximum loan-to-purchase / loan-to-value (LTV) ratio: 85%
- Minimum amortizing debt coverage ratios (DCR): 1.20x
- Sizing based on a 7-year sizing note rate
- Appraisal must include as-is and as-stabilized values; underwriting must support a 1.35x DCR and 75% LTV based on as-stabilized value supported by the appraisal
- Standard Freddie Mac underwriting based on as-is income and expense
- Refinance Test not required
- No pro-forma underwriting of future performance

### Rehabilitation
- Rehabilitation must commence within 90 days of loan origination and be completed within 33 months
- A scope of work is required. Budget may range from $10,000 - $25,000 per unit or $4,000 - $10,000 per bed. The budget must allocate at least 25% to interior improvements
- Budget can be adjusted by as much as 20% without additional approval; up to 50% of the budget may 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 Freddie Mac with no exit fee; otherwise 1% applies
- Freddie Mac will re-underwrite the loan to then current property performance
- 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