Borrower Structure

Borrower: Borrower must be a newly formed, certificated, special purpose ("**SPE**") limited liability company ("**LLC**") that owns only the SFR Homes that will make up the Property intended to secure the SFR Mortgage. Borrowers may be formed in any jurisdiction.

Borrower must be 100% owned and controlled by the Pledgor.

(Recycled Borrowers are permitted provided the Borrower can make all the recycled Borrower representations in the associated Loan Agreement rider.)

Borrower SPE requirements are detailed in the Loan Agreement – SFR

Pledgor: 100% of the ownership interests in and control of Borrower must be held by a Delaware LLC SPE entity ("**Pledgor**"). Pledgor must pledge all its ownership interests in Borrower to Lender as a further security for the SFR Mortgage.

Carveout Guarantor: Required. The Carveout Guarantor must not be the Pledgor and must have an indirect ownership interest in the Borrower. The Carveout Guarantor is typically the party that ultimately controls the Borrower.

Organizational Chart: Borrower's Counsel must provide a Borrower's organizational chart that shows the Borrower's, Pledgor's, and Guarantor's (if an entity) ownership and control structure.

SPE Requirements: Borrower and Pledgor SPE requirements are contained in the Loan Agreement – *see* Section 6.13.

Organizational Chart

- Borrower's Counsel must provide a Borrower organizational chart ("**Organizational Chart**") that must be reviewed by Freddie Mac Single Counsel before being provided to Freddie Mac Underwriting.
- The Organizational Chart must:
  - Be legible
  - Identify each Borrower, Pledgor, and Guarantor (including the state/country of formation for all entities)
  - Include every direct and indirect owner of Borrower, Pledgor, and Guarantor (if an entity)
  - Include the percentage ownership breakdown for every entity (percentages must add up to 100%)
  - Include the role of each entity and individual, with an emphasis on management and control (e.g., each entity must be identified as a limited partner, general partner, managing member, non-managing member, non-member manager, etc., and if an entity is managed by a board of directors, all the board members must be identified and a legend must be included that describes how they are elected)
  - Specifically identify each Non-U.S. Equity Holder (as defined in the *Freddie Mac Multifamily Seller/Servicer Guide*) or state there are none
- The Organizational Chart need not specifically name all limited partner or non-managing members with less than a 25% aggregate ownership interest in Borrower. In this scenario, the chart must specify that such parties are not Non-U.S. Equity Holders.
- The Organizational Chart must not include EIN or social security numbers.
- If the organizational structure changes after submission of the underwriting package, Borrower's Counsel must provide an updated Organizational Chart to Freddie Mac Single Counsel and Freddie Mac Underwriting.

Sample Organizational Chart