Targeted Affordable

PRODUCT SNAPSHOT

Affordable Single-Family Rental Pilot

Get Cheaper Financing for Affordable Housing

The Affordable Single-Family Rental (SFR) pilot provides Borrowers much needed access to credit with long-term financing at lower rates. The offering is for Borrowers who operate in the affordable segment of SFR.

The Freddie Mac Difference

When it comes to multifamily finance, Freddie Mac gets it done. We work closely with our Optigo[SM] 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.

Want to Know More?

Contact the Freddie Mac SFR team.

- For single owner of a pool of single-family homes (can be across jurisdictions/states)
- 5-, 7-, or 10-year terms with fixed interest rate
- 75% of the units have rents affordable at 80% Area Median Income (AMI) or below

Product Description	The Affordable Single-Family Rental (SFR) pilot provides Borrowers much needed access to credit with long-term financing at lower rates. The offering is for Borrowers who operate in the affordable segment of SFR.
Eligible Property Types/Markets	▪ Single-family detached homes and townhomes or row houses ▪ 2- to 4-unit rental properties ▪ Each property must be fully constructed with permanent C/Os ▪ No manufactured homes, condos, or co-ops
Eligible Borrowers	▪ Minimum 5 years of experience in managing and owning SFR homes ▪ Own a minimum of 50 SFR homes ▪ Newly formed certificated Single Purpose Entity (Recycled SPE Borrowers permitted provided they can make the recycled SPE representations) ▪ Long-term operators who do not focus on rent-to-own operations or exclude Section 8 tenants
Affordability Requirements	75% of the SFR homes must have rents that are affordable at 80% or below of the applicable AMI; waivers will be considered for Borrowers with mission-based or nonprofit strategies. Additionally, for loans where only 51% or more of the SFR homes are affordable at 80% AMI or below, Freddie Mac will consider these loans but will need to submit a separate approval request to FHFA prior to issuing a hard quote.
Terms	5-, 7-, or 10-years
Amortization	30 years
Interest-Only	Interest-only available based on underwriting.
Interest Rate	Fixed
Minimum Loan Size	$5,000,000
Minimum Debt Coverage Ratio (DCR)[1]	▪ 5-year term: 1.30x ▪ 7-year term: 1.30x ▪ 10-year term: 1.25x

Maximum Loan-to-Value (LTV) Ratio	▪ 5-year term: 70% ▪ 7-year term: 75% ▪ 10-year term: 75%
Loan to Cost (LTC)	Up to 12 months from purchase, lesser of LTV requirement or 80% LTC, where the underlying cost (including rehabilitation costs) can be applied for up to 12 months
Servicing	Minimum of 25 bps based on loan size
Insurance Requirements	Commercial-level standards consistent with other Optigo SFR lender requirements
Prepayment	Yield maintenance or step-down
Property Management	Required professional third-party management or Borrower affiliate with an existing contract in place. Replacement manager must be approved by lender
Escrows	Required for taxes, insurance, replacement reserve and HOA (if applicable)
Application Fee	Greater of $5,000 or 0.10% of the loan amount
Geographic Location	Each metropolitan statistical area (MSA) represented in a loan portfolio must have at least five homes
Recourse	Non-recourse except for standard carveouts
Valuation Requirements	All the properties must be valued in an acceptable manner. Recent appraisals (up to 6 months old) must account for at least 30% of all homes, with a minimum of 15 appraisals. Valuations for the remaining 70% of homes to be determined at Freddie Mac's discretion
Financial Reporting	Quarterly rent roll and unaudited operating statement
Cross-collateralization	Required; no single property loan
Pledge Collateral	Pledge of 100% of Borrower ownership interests by Single Purpose Entity Pledgor
Releases	Standard release provisions with 115% payment and applicable prepayment premiums

Third-Party Providers	Third-party providers for Optigo Seller counsel, title insurance, appraisal, property inspections and lease review must be on Freddie Mac's approved vendor list.
Duty to Serve	Transactions are eligible for Duty to Serve credit if the lesser or 50 units or 10% of the units in the transaction are located in a Duty to Serve-designated rural area and affordable to renters making 100% of AMI or below.

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